

Leland L. Ribb, Donnybrook, N. Dak., in place of C. C. King, transferred.

OHIO

Arthur F. Rizzi, Lansing, Ohio, in place of L. A. Franco, resigned.

Ruth C. Menker, Maria Stein, Ohio, in place of U. B. Menker, deceased.

OKLAHOMA

Lilly J. Westfall, Carney, Okla., in place of J. O. Deer, deceased.

Charles F. Rhoton, Jr., Keyes, Okla., in place of O. L. Badgley, retired.

PENNSYLVANIA

Edward L. Thomas, Drifton, Pa., in place of N. E. Breslin, retired.

Paul R. Moore, Enon Valley, Pa., in place of P. N. Lindner, resigned.

Henry L. Haines, Maytown, Pa., in place of M. E. Culp, retired.

Preston L. Allison, Shrewsbury, Pa., in place of Marea Stover, retired.

Stewart C. McCullough, Wattsburg, Pa., in place of H. E. Burnham, retired.

SOUTH DAKOTA

William G. Stivers, Dimock, S. Dak., in place of C. A. Johnson, retired.

Eldon E. Case, Pine Ridge, S. Dak., in place of H. J. Hagel, transferred.

TENNESSEE

M. Greer Raulston, Monteagle, Tenn., in place of C. P. Fults, retired.

Thurman L. Jackson, St. Joseph, Tenn., in place of G. M. Bryan, retired.

TEXAS

Wilmoth A. Ingalls, Winnie, Tex., in place of Ethel Gill, retired.

UTAH

Max G. Johnson, Midway, Utah, in place of N. A. Burgener, retired.

VERMONT

Alton A. Ellis, West Pawlet, Vt., in place of P. E. Kehoe, retired.

VIRGINIA

William E. Humphreys, Clarksville, Va., in place of A. B. Crowder, retired.

William B. Anderson, Onley, Va., in place of W. O. Brittingham, resigned.

George A. Carpenter, Woodberry Forest, Va., in place of W. E. Ewers, deceased.

WASHINGTON

Genevieve F. Tapscott, Longmire, Wash., in place of H. C. Colvin, resigned.

WISCONSIN

George W. Smith, Franksville, Wis., in place of W. J. Perlberg, resigned.

HOUSE OF REPRESENTATIVES

WEDNESDAY, APRIL 27, 1960

The House met at 12 o'clock noon.

Rev. Halley Brooks Oliver, First Congregational Church, Owosso, Mich., offered the following prayer:

Our gracious Heavenly Father, we pause before Thee to seek the blessing of Thy guidance for the work of this day.

May, O Lord, those prayers made by Thy churches and people, for this Nation and these Thy servants, prepare hearts and minds for the working of Thy holy spirit.

We so often pray for Thy wisdom, Thy spirit, Thy love; yet it is too high, we cannot attain unto it. Make us, therefore, aware that we have wisdom from Thee: help us to use it; that we have

felt Thy spirit: grant that we be receptive to it.

We know the conditions of Thy love and that it casteth out fear; may mercy and justice be shown.

Give these Thy servants the understanding that the Nation honors them and looks to their work. May what is done be pleasing in Thy sight. We pray in the name of the Master. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

DEPARTMENT OF COMMERCE APPROPRIATION BILL, 1961

Mr. PRESTON. Mr. Speaker, I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file a conference report on the bill (H.R. 10234) making appropriations for the Department of Commerce and related agencies for the fiscal year ending June 30, 1961, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

COMMITTEE ON PUBLIC WORKS

Mr. EDMONDSON. Mr. Speaker, I ask unanimous consent that the Committee on Public Works may sit during the session of the House this afternoon during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

SUBCOMMITTEES ON LEGISLATIVE OVERSIGHT, AND HEALTH AND SAFETY

Mr. HARRIS. Mr. Speaker, I ask unanimous consent that the special Subcommittee on Legislative Oversight and the Subcommittee on Health and Safety be permitted to sit today during general debate.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

ARE WE FAILING IN THE FAR EAST?

Mr. MEYER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. MEYER. Mr. Speaker, yesterday I gave facts exposing the farce of so-called democratic free elections on Formosa under Nationalist China and related them to the serious situation in South Korea caused by similar hypocrisy and injustice.

Now we have word about so-called favorable election results in Laos. But we hear little about the use of the army

and other measures to secure such results. I know enough of the facts, and have forewarned about them previously, to report that instead of being able to cite a case of a democratic free election, we will hear claims that these elections were rigged.

How long can the prestige of Western democracy and freedom be sustained in the Far East if there is so little of it or even honesty in so many places where we exert an influence?

I have called for a reappraisal of our activities in that area. I have said that our Foreign Affairs Committee and particularly our Subcommittee on the Far East and the Pacific should get the facts independently. We dare not let things drift; we cannot afford to participate in a "whitewash" or in sweeping dirt under the rug.

Several Members of Congress had doubts relative to the appointment of J. Graham Parsons as Assistant Secretary of State for Far Eastern Affairs. His appointment was a mistake and he should be replaced. The United States and all nations associated with us in the quest for peace, freedom, and justice dare not risk further failures in principle or direction of purpose.

LEAVE OF ABSENCE

Mr. COLLIER. Mr. Speaker, I ask unanimous consent that my colleague the gentleman from Ohio [Mr. DEVINE] be granted leave of absence for 5 days due to business in his congressional district.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

THE CAMPAIGN CONTRIBUTIONS ACT OF 1960

Mr. MASON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MASON. Mr. Speaker, it is of primary public interest that campaign expenses of candidates for national, State and local offices shall be met by large numbers of modest contributions rather than chiefly from a relatively few large contributions.

The situation has become so serious at national levels that there has been talk of making appropriations from public funds available to the major political parties.

The bill I have just introduced is intended to meet the situation by encouraging large numbers of modest contributions to political committees, including independent committees organized to promote a candidate, or candidates. This would be done by making contributions deductible—but within two strict limits.

One limit would be that in no event would the amount deductible exceed 2 percent of the taxpayer's adjusted

gross income—the combined adjusted gross income of husband and wife filing a joint return. In view of the prime importance of our getting political issues and candidates before the people, it would allow deductions to this end at a fraction of the amounts allowable for ordinary charitable contributions and gifts.

Mr. Speaker, in view of the importance of encouraging only modest contributions, a maximum deductible contribution of any taxpayer is set at \$1,000.

There can be, I recognize, some difference of opinion as to the precise rate and overall limit which should be set to contributions, but I believe that my proposal is both badly needed and basically sound in principle.

PAUL BUTLER

Mr. FORRESTER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. FORRESTER. Mr. Speaker, this morning's Washington Post carries an article saying that Paul Butler, national chairman of the Democratic Party, described the effect of the Negro sitdown demonstrations in the South as "a healthy reaction to an un-American situation." I wonder now if Mr. Butler would know what Americanism is if he met it in the middle of the big road. This is cheap politics. But the trouble is that while that statement is untrue, irresponsible statements of that kind are calculated to bring and are bringing untold troubles upon my people. I know now, and I believe the majority of the Democratic Party knows, that President Truman was on exceedingly solid ground when he said that Mr. Butler could never make a worthwhile contribution to the Democratic Party. Mr. Speaker, Paul Butler should resign.

KOREA

Mr. DORN of South Carolina. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. DORN of South Carolina. Mr. Speaker, the Secretary of State encouraged mob rule in Korea. He encouraged mob rule against the duly elected government of a free republic. The Secretary of State encouraged and backed the overthrow of a government which was the symbol and epitome of freedom in the Far East. The United States met the challenge of armed international Communist aggression for the first time in South Korea. We sacrificed thousands of the flower of our young manhood. In that struggle for freedom, the Korean people and their great leader, Syngman Rhee, fought valiantly at our side. This tragic and unparalleled action by the State Depart-

ment in Korea could set off a chain reaction all over the world. It could be the signal for mob violence against every republican form of government on the face of the earth.

Already student mobs are forming in Japan. Is the State Department to encourage them to overthrow the Japanese Government? Is the State Department again to encourage mob action in Panama against the canal? What is going to be the attitude of the State Department about mob violence in South America and in the Near East?

This action by the Secretary of State helped the cause of communism in the Far East. It has weakened our defense line. It will encourage other mobs to form led by "students" with Castro sideburns.

EMERGENCY HOME OWNERSHIP ACT

Mr. O'NEILL. Mr. Speaker, under direction of the Committee on Rules, I call up the resolution (H. Res. 498) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10213) to amend the National Housing Act to halt the serious slump in residential construction, to increase both on-site and off-site job opportunities, to help achieve an expanding full employment economy, and to broaden home ownership opportunities for the American people. After general debate, which shall be confined to the bill, and shall continue not to exceed three hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently no quorum is present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 55]

Alexander	Devine	Jones, Ala.
Anderson, Mont.	Dooley	Keogh
Barry	Dowdy	Kilburn
Bolling	Durham	Lafore
Bonner	Fenton	McGinley
Brown, Mo.	Flynn	McIntire
Buckley	Frazier	Mailliard
Burleson	Gallagher	Martin
Canfield	Gavin	Miller,
Chelf	Granahan	George P.
Clark	Grant	Moeller
Cooley	Gray	Montoya
Delaney	Hollifield	Morgan
	Jackson	Morris, N. Mex.

Norblad
Pelly
Philbin
Plicher
Powell
Rabaut
Roberts
Rogers, Tex.

Rooney
Roush
Saund
Scott
Shelley
Sheppard
Steed
Sullivan

Taylor
Teague, Tex.
Thompson, N.J.
Udall
Walter
Young

The SPEAKER. On this rollcall 368 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EMERGENCY HOME OWNERSHIP ACT

Mr. O'NEILL. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN] at the conclusion of my remarks; and at this time I yield myself such time as I may require and reserve the balance of my time.

Mr. Speaker, House Resolution 498 provides for the consideration of H.R. 10213, to amend the National Housing Act to halt the serious slump in residential construction, to increase both onsite and offsite job opportunities, to help achieve an expanding full employment economy, and to broaden home ownership opportunities for the American people. The resolution provides for an open rule, with 3 hours of general debate.

H.R. 10213 is designed to combat the critical shortage of home-mortgage credit which has caused a costly upward spiral of interest rates, unconscionable discounts on FHA and VA mortgages, increased use of unsound and costly financing devices in the conventional loan sector, and a serious decline in homebuilding. This has frustrated our national policy of improving housing conditions and encouraging home ownership on a sound basis. Moreover, the drop in residential construction which has taken place over the past year has resulted in a loss of more than half a million jobs. The experience of the 1957-58 recession proved that a downturn in homebuilding activity, if allowed to continue unchecked, can undermine the entire economy.

The Committee on Banking and Currency is convinced that the dropoff in new home construction in the face of continued strong demand for housing is the direct result of the restrictive monetary policies pursued by the monetary and fiscal authorities. The hearings held on this bill established conclusively that this tight money policy has a particularly severe impact on residential construction. The purpose of this bill is to offset in some measure the discriminatory effects of that policy by interposing the financial strength of the Federal Government in favor of the homebuying family in the unequal competition in the money market. This action is essential if we are to live up to the national housing policy set forth in the Housing Act of 1949, and the economic policy established by the Employment Act of 1946.

During the hearings on the Emergency Home Ownership Act—H.R. 10213—by the Subcommittee on Housing, testimony in support of the bill was given by labor, veteran, and citizen groups, as well as

the homebuilding industry. Opposition came primarily from spokesmen for the large lenders and from the administration.

Mr. Speaker, I urge the adoption of H.R. 498.

Mr. ALLEN. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, the best government is the form of government that the people can afford to pay for.

Thomas Jefferson, an immortal, wisely said:

The best government is that one which governs the least.

Able and sound economists recommend that in times of great prosperity that the budget be balanced—that there be no deficit financing.

Notwithstanding these commendable admonitions we are considering a billion dollar back door raid on the U.S. Treasury.

The sponsors of the bill presently before us, and they are few, designate it as the "Emergency Home Ownership Act." But the fact is there is no emergency. Perhaps it should be called "The Fiscal Irresponsibility Act."

Mr. Speaker, I do not know why this bill is presently before us. I have not received one letter in support of it. To my knowledge there is no demand from the people back home for its passage.

It is of interest to note that when this measure was before the Rules Committee that the gentleman from California [Mr. McDONOUGH]—yes, from Los Angeles, the fastest growing city in the United States—testified:

I know of no emergency existing in Los Angeles in this field. I know of no demand for this legislation.

Before the Rules Committee, Mr. DERWINSKI, our colleague from Chicago, Ill., the second largest city in the United States, said that he did not know of any demand for the passage of this legislation.

Our colleague, the gentleman from New Jersey [Mr. WIDNALL], whose district adjoins New York City, stated before the Rules Committee that he knows of no emergency in the field of housing—that he knows of no demand for its passage.

Mr. Speaker, these three distinguished colleagues speak for the three most densely populated areas in the United States. When they state there is no emergency and no demand—should we not pause and consider? Is it not reasonable for us to believe that if an emergency exists that they would know about it?

Today, we stand in the midst of our greatest prosperity. Today, more people are gainfully employed than ever before in history and with the highest wages in history. It is true that there are certain areas in our country, particularly West Virginia and certain sections of Pennsylvania that are not as well off economically as we would like to have them but the enactment of this legislation would not help them. Federal Government meddling in this field would not be of benefit to them.

It appears that some people believe that easy money, continuous Govern-

ment borrowing and continuous Government extravagant spending will cure everything. "Budget busters" and "irresponsible spenders" seem to fear nothing. They seem to believe that our Government should continue to borrow and borrow additional billions of dollars for their children and their children's children to pay back. They attempt to justify themselves by unwisely stating that an emergency exists when it does not exist.

Mr. Speaker, it is imperative that all of us who believe in sound government, that all of us that have a sense of financial stability roll up our sleeves, tighten our belts, and stop these extravagant spending schemes. It is time for us to pause and to realize where we are—financially speaking.

Mr. Speaker, as sure as I stand here, this Congress will be called upon to raise our national debt limitation unless the spenders are stopped.

I am certain that if this irresponsible bill receives approval today that there will be many threats to the balancing of the budget. If all the proposals being seriously considered by Congress should be enacted, the deficit for fiscal year 1961 will be about \$55 billion. If projected these bills over a 5-year period would amount to a \$325 billion deficit. We all know that once these extravagant schemes start they never stop.

These are not my figures; they are the figures of the Director of the Bureau of the Budget that were given to me yesterday.

So today is a day of decision. The question before us is extremely simple. If we give in to the extravagant spenders we are doomed. We can expect a great offense from the budget busters through to adjournment date. If an unjustifiable bill of this nature can receive the approval of Congress, I ask you: What spending schemes can be halted? When will we stop?

So I say to you again—let us dedicate ourselves to the simple philosophy that "the best government is the type of government that the people can afford to pay for." That Thomas Jefferson was right when he said, "The best government is one that governs the least."

Mr. O'NEILL. Mr. Speaker, will the gentleman yield?

Mr. ALLEN. I yield.

Mr. O'NEILL. Does the gentleman know how many people in the United States are unemployed today? There are 4,500,000 people now unemployed in this country.

Mr. ALLEN. What I am saying, and he cannot dispute it, is that today there are more people employed in the United States than ever before in history and they are being paid the highest wages in history. Of course, there are some places such as in West Virginia, for example, and certain areas of Pennsylvania where there are areas of unemployment. But, as a whole, I do not believe the great majority of the people think we have any great emergency in this country. I do not know why these budget busters and these spenders are coming in with these extravagant schemes. They do not seem to realize that we do not have any money in the U.S. Treasury, but that we have to

borrow it for our children and their children and future generations to pay back. I say that we should have some sense of financial responsibility.

Mr. PUCINSKI. Mr. Speaker, will the gentleman yield?

Mr. ALLEN. I yield.

Mr. PUCINSKI. It is my understanding that this is an authorization bill, and if the gentleman's statement is correct and if there should be no demand for this money, then obviously the money would not be made available; is that not correct? If there is no need for the money, the money would never be appropriated and would never be spent.

Mr. ALLEN. I will say to my colleague from Illinois that it has been my experience that when bills of this nature become law that somehow money is made available and money is spent.

Mr. PUCINSKI. I am asking the question for some elucidation. Can the gentleman explain that to me, please?

Mr. ALLEN. I say that during my long experience, whenever there is money available they will put it out.

Mr. PUCINSKI. I respect the gentleman's views. I want to know how to vote.

Mr. ALLEN. I am saying to the gentleman that when you make money available there is always a bunch of these "do-gooders" who will see it is spent.

Mr. PUCINSKI. These are not hand-outs. These are not direct appropriations given to somebody.

Mr. ALLEN. Now may I say this: These budget busters, these extravagant spenders, must realize that if we continue along this line we will soon have a bill here to raise the national debt ceiling.

Mr. O'NEILL. Mr. Speaker, I yield such time as he may desire to the gentleman from Massachusetts [Mr. McCORMACK].

Mr. McCORMACK. Mr. Speaker, we are witnessing today something we have seen repeatedly over the years, where a majority of our Republican friends are thinking in terms of status quo, in terms of yesterday; and lacking in vision. This is another illustration where the Republican Old Guard is in control of the Republican Party on the congressional level, blind in their opposition, just as they opposed social security and the minimum wage. Always fighting progress. That is going to be one of the big issues in this campaign. The Republican Old Guard control of the Republican Party on the congressional level. We just see another illustration of what is going on. The old force of reaction, trying to prevent the passage of legislation that is necessary in the best interests of the people of our country.

This bill meets an immediate situation that exists. We know of the high interest rates. We know the Republican administration is responsible for them. We know we are paying 4½ billion more on our national debt than we were paying 7 years ago when Harry Truman was in office.

We also know what large discounts are demanded throughout the country,

anywhere from 8 to 16 percent discount imposed upon borrowers of money.

This bill is aimed to meet this situation. It is legislation that is necessary in the best interests of the homeowners of our country, the backbone of the country, the family life of the Nation. Here we have another illustration of an old policy of our Republican friends, the great majority of them, blindly opposing; and their opposition clearly shows what I have stated on many occasions and what I will continue to state in the months to come between now and the fall elections, that the people have no hope during the next 4 years if a Republican President is elected, because the Republican Old Guard will be in control of the Government.

Mr. ALLEN. Mr. Speaker, I yield 6 minutes to the gentleman from Ohio [Mr. BROWN].

Mr. BROWN of Ohio. Mr. Speaker, again, here on the floor of the House, we are seeing another illustration of that which has happened so often in the past, an appeal to partisan prejudice in an attempt to raid the Treasury.

Personally, I am opposed to this legislation for many reasons. I voted against it in the Rules Committee. First of all, I would like to call your attention to the fact this resolution itself says something which, in my opinion, and in the opinion of the great majority of the people who are in the real estate, construction, and homebuilding business, is absolutely not true. In other words, the adoption of this resolution would have the Congress of the United States saying that this action is necessary "to halt a serious slump in residential construction."

There is no serious slump in residential construction. We are just a little bit behind 1959, which was the second highest year in all of our history. In 1960 residential construction is running ahead of past years under Democratic administrations. More homes are being built today under the present administration than ever were built in any 1 year under a Democratic administration, despite the plea of my good friend, the gentleman from Massachusetts.

Let me say something else to you, if I may: There is not any need for this legislation. This legislation provides for a direct approach to the Treasury or back-door spending without appropriation by Congress. This is not just an authorization bill; this measure just simply provides they can get this money out of the Federal Treasury without any further action by the Congress. This \$1 billion would be spent above the budget. It would add to the national debt. It would increase deficit spending by our Government. And I say to you, very frankly, Mr. Speaker, there is nothing liberal about inflation and reducing the purchasing power of the people's money, especially for the old folks of this country who have limited savings to take care of their needs in their old age.

They call that liberalism.

They say we who oppose this activity are all wrong although what we are striving to preserve is the purchasing value of the American dollar; and not to reduce this Government to penury

or insolvency. When we do that we are accused of being standpatters, Old Guard, or something similar. Let me remind you that we as representatives of the people are here to protect the best interests of the people. I want to protect the best interests of all the American people today by urging, if I may, the defeat of this rule and thus prevent the consideration of this monstrosity which is called an emergency housing bill, sent here because it is claimed an emergency exists. I wonder when we are ever going to reach the time in this country when we no longer have an emergency which requires the spending of the people's substance in wasteful and extravagant Government activities?

I wish to point out one other thing, and I want to be very frank about it: Just a week ago we voted for a civil rights bill in the House.

I have been informed by the author of an amendment, a man of honor, that he will introduce an amendment to this bill if the bill is considered on the floor, and I think I should read this proposed amendment to you. He was kind enough to give me a copy of it.

It provides, by adding on page 8 the following language, or new sentence:

Notwithstanding any other provision of this section, the Association shall not purchase or make a commitment to purchase under this subsection any mortgage covering housing with respect to which there is (or is permitted to be) any discrimination against purchase, rental, or occupancy on account of race, religion, color, ancestry, or national origin.

If we are going to have a bill like this I believe all of you who supported civil rights legislation on the floor of the House, every one of you including those who have spoken today, will have to support this sort of an amendment. If we are going to have civil rights in school matters, in voting matters, and in other matters, then we should have the same equal civil rights, the same protection against discrimination in connection with the making of loans for housing guaranteed by this Government of yours and mine, which every citizen, regardless of race, color, or creed, pays taxes, is called upon to finance through payment of Federal taxes. I can assure you this amendment will have rather generous support, and that a great many people in America will be watching to see how some of the champions of civil rights last week will be voting on this particular amendment this week.

The issue may separate the so-called liberals from those of us who believe in a sound and responsible fiscal policy. I do not know, it may even finally decide who is truly progressive and really believes in these civil rights for which we voted and for which we stand.

Yes, this amendment will be the test of the sincerity of some of those who voted for civil rights legislation last week.

Mr. ARENDS. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Illinois.

Mr. ARENDS. The gentleman who is going to offer the amendment was called from the floor for a few minutes; but I

am authorized to say that the amendment will be offered as the gentleman indicated.

Mr. BROWN of Ohio. I thank the gentleman.

Mr. O'NEILL. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Speaker, I am opposed to this bill and I am opposed to this rule. The bill comes here under an inaccurate and untrue label.

The history is that 2 years ago when we were in a so-called brief emergency, there was a dropping off in housing starts. This bill, labeled "Emergency Housing Act," was brought in and passed by a voice vote under suspension of the rules in order to stimulate the housing industry. Two years have now passed, the emergency has passed, yet we are confronted here this morning with another bill labeled "Emergency Home Ownership Act" in an effort to get another billion dollars out of the back door of the Treasury under a label of "emergency" which no longer exists. That is the plain fact about this bill.

It is true that 2 years ago housing starts were off and there was a logical reason to pass this bill. Since that time, as you all know, the economy of the country has recovered. For the first 3 months of this year there have been 20 percent more housing starts than there were in 1958. There were something over a million housing starts in the first 3 months of this year. They are running well above the average of the past few years, and they are running very close to what they ran last year under the stimulation of the Emergency Home Owners Act.

Mr. Speaker, when the chips are down the people of this country are getting rather tired of spending more money than we have.

They are demanding a balanced budget. Now, this means taking \$1 billion out of the Treasury by means of the back door. That billion dollars has a direct effect on your next budget, and I believe that the House realizes that we must exercise some rigid responsibility in the matter of spending more money than there is in the Treasury. I think all of you understand the method and the manner by which this money is appropriated. It never goes through the Committee on Appropriations. We never have a check on it, but when this bill is passed, that agency is authorized to go to the Secretary of the Treasury and have him hand over \$1 billion without any further action by the Congress. Now, you cannot keep your finances straight with that sort of an operation or system. We have had discussions about it on the floor from the Committee on Appropriations and from others, and we have got to stop this back-door approach to the Treasury of the United States if we are ever going to have a balanced budget.

Mr. Speaker, before this session ends you are going to have another bill up here from the Committee on Ways and Means either to extend the emergency increase in the debt limit for another period or, if this sort of legislation keeps up until the end of this session—and

there will be other bills following this—if this keeps up, you are going to have another bill before you to again increase the permanent debt limit.

Now, gentlemen, I think it is time to stop, look, and listen to these things, because this is the first test whether this Congress is going to show some financial responsibility. But we must have some stop to these authorizations—and many of them are authorizations—that are coming before the Congress before this session ends that will increase the annual expenditures of this Nation by large sums.

Mr. Speaker, I hope that the House will vote down this rule and let it be known that we are going to have financial responsibility in this session.

Mr. ALLEN. Mr. Speaker, I yield 4 minutes to the gentleman from Idaho [Mr. BUDGE].

Mr. BUDGE. Mr. Speaker, the distinguished majority leader referred a few minutes ago to an attempt on this side to retain the status quo. When each of us in this Congress, no matter what our politics, thinks of the effect that this bill will have upon the fiscal affairs of this Nation, I think that all of us want to retain the status quo. I do not know of a Member of this body who wants to vote next week to raise the permanent debt limit of this Nation by \$1 billion. That is what we mean by retaining the status quo. We mean that we want to finance this Nation and we want to finance the activities of this Government within the means we have with which to finance it.

Mr. Speaker, why do we have this constant eroding of the free enterprise system? Why do we continue at every opportunity to inject the Federal Government into the private affairs of the people of this Nation? The distinguished majority leader should recall this, that the effect of this bill will be not to help the little fellow; the effect of this bill will be to absorb the discount which is now being paid by the homebuilders, that discount to be absorbed by the taxpayers of this Nation. I give you this example. Suppose a young man has a \$1,000 equity in a home which is appraised at \$10,000 and which he desires to sell. If this bill is passed the 6-percent discount rate which has in the past been absorbed by the builders will now be absorbed either by the little fellow who has \$1,000 of his savings in that home, or else it will be absorbed by the taxpayers of the United States. I doubt the majority leader, considering the things for which he declares himself, desires that the Federal Government pick up the tab, desires that the veterans and other small homeowners of this Nation pick up the tab for these large real estate builders who are building homes in the hundreds and thousands of units. Such a course would certainly be out of character to the spoken record of the majority leader of this distinguished body.

In simple language this is what the bill does: A homebuilder who desires to sell his product in the FHA and VA market must now absorb the discount which the home buyer would ordinarily have to pay to obtain an FHA or VA

loan. The reason such loans are discounted is that interest rates fixed by law are not level with the market. The reason the builder must absorb the discount is that Congress by law refuses to let the buyer pay it. Consequently, at the present time the builder must take less profit since he and he alone must absorb the discount. Now under the provisions of the bill, the Congress is saying, "Mr. Builder, we are going to relieve you of having to bear the discount and we are now going to put that burden on the shoulders of the American taxpayer."

Also, Mr. Speaker, where is the compassion for the little guy about whom the majority leader so frequently speaks? The little guy veteran and nonveteran homeowner who must sell his home and sell it in the FHA and VA market, which is almost always the case. If he has an equity of \$1,000 and the Government agency appraises the property at \$10,000 a 6-percent discount loss would amount to \$600. This discount means that the face value of the mortgage which the buyer is to assume will be \$10,000 but the little guy selling his home receives back only \$9,400. Six hundred dollars in savings of the little guy is wiped out and this bill does nothing for him. It does, however, saddle the \$600 on the taxpayer and remove it from a builder if it is a builder who is selling the house.

This legislation is class legislation of the worst kind. It permits the savings of the little guy to be wiped out entirely or be reduced substantially and at the same time permits an increase in the profit of the builder. Such a result should never be brought about by action of the Congress of the United States and most certainly not when the price is a budget-busting \$1 billion.

Mr. Speaker, I hope that this rule will be defeated.

Mr. O'NEILL. Mr. Speaker, I yield myself such time as I may consume.

I can see it is obvious that the coalition that was operating during the civil rights bill is back in operation. As we started this year there were those on the opposite side of the aisle who had rosy visions of November 8. The gross national product, as I recall, was going to hit somewhere between \$530 billion and \$545 billion. Now they have cut that back and they say that the gross national product is going to hit somewhere between \$500 billion and \$515 billion.

In the early part of the year the rosy picture was painted for us, and it was said that we were going to have less than 3 million unemployed in this Nation; that in November of this year more people were going to be employed than ever before in the history of the Nation and less people were going to be unemployed than ever before in the history of the Nation. But what is happening right now? We have over 4½ million people unemployed in this Nation. What are we facing toward? We are facing toward a recession similar to the one we had in 1958. What happened in 1958? There were over 5 million people unemployed in this Nation and our tax revenues dropped \$12 billion.

Now is the time to act, before we find another half a million or a million more people are unemployed. The record shows that at the present time we have 20 percent less new home starts than we had a year ago at this time. What do you think brought this country out of the doldrums of the recession in 1958? It was the emergency legislation that we passed in that Congress.

We should not have to wait until the emergency arises. We should do a little planning. That is what the chairman of this committee and the members of this committee have done when they brought out this excellent piece of legislation. They are thinking of the future of America, they are thinking of the economy of America. This is emergency legislation; yes, it is an emergency, because it is going to forestall us from hitting a worse recession than we are in at the present time when we have 4½ million who are unemployed.

Mr. McDONOUGH. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield.

Mr. McDONOUGH. I do not know where the gentleman gets his figure of 4 million unemployed. I have a statement here from the Labor Department on the February unemployment figures, which show that there were only 3,931,000, and there were 800,000 less than in the same month last year. Now as to this question of increasing unemployment. We had a situation where weather affected the building industry and employment for quite a period of time. There were many factors influencing unemployment, but we are having a rising employment figure from month to month. The figure I gave was only for February. These figures do not include March.

Mr. O'NEILL. The gentleman just gave the February figure of 3,900,000?

Mr. McDONOUGH. That is right.

Mr. O'NEILL. We are now into the third week in April and I say that the figure is over 4 million, 4½ million that are unemployed in this Nation. It is about time, in my opinion, that the little fellow got a break from this administration. After all, if you want to look at the record back when Harry Truman left here in 1952 the Federal Government could borrow money on 90-day loans with interest at the rate of 1.52 percent. Today what is the Federal Government paying for loans? A rate of 4.375 percent. It is about time the little fellow in this country got a break. That is what the Democratic Party is fighting for, and that is what the majority of the Members of this House are fighting for.

Mr. Speaker, I hope the bill is passed.

Mr. ALLEN. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. McDONOUGH].

Mr. McDONOUGH. Mr. Speaker, we have heard a lot of views and opinions on what this bill would do. I am speaking against the rule. I am against the bill because I believe it is inflationary, that it is a direct increase of a billion dollars on the national debt, that it will not provide relief to the home buyers, it will only provide relief to the homebuilders.

If the total amount in this bill were used in the next fiscal year it would build only 70,000 housing units out of a potential and anticipated 1,200,000 housing units that we are building on the anticipated annual rate at the present time.

Home ownership is one of the best deterrents to communism. Federally subsidized housing is the first step toward socialized housing, which would lead to communism. This is the first step toward federalized, socialized, subsidized housing.

We have gotten along pretty well with the program under FNMA, where FNMA has been discretionary on the type of mortgages purchased. This bill will apply only to \$13,500 mortgages and to \$14,500 mortgages in high-cost areas, if it is limited to the very small amount of the total building of the program. It contains no public housing, it contains no urban renewal, it contains no college housing, it contains no housing for the elderly. In fact, there is so little demand for it that even the builders throughout the country who have known that this bill has been pending before the committee, who knew about the hearings and knew the bill was coming before the House today, have not made any demand for it.

A \$13,500 house is a restricted type of building today because the cost of land is high. When you add to that the cost of labor and material to build the house you exceed the \$13,500 in most instances. So you are actually legislating for a select few of the homebuilders, giving relief to the homebuilders. I doubt if the home buyer will receive any value in the reduction of the rate of interest or the downpayment or the cost of the house. This is specialized, special-interest legislation for a select few of the homebuilders of the Nation. Only 70,000 houses will be built under it out of 1,200,000.

Mr. O'NEILL. Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. RAINS].

Mr. RAINS. Mr. Speaker, I had not expected to speak on the rule, but I heard so many irresponsible statements—and that seems to be a good word that is being used here so much—that I felt somebody ought to give a little of the facts. And I am going to give the facts, and if anyone can dispute them, I will yield to anyone.

In the first place, my good friend, the gentleman from Virginia [Mr. SMITH] said there was not anything wrong with the housing starts. He is in total error. The housing starts are nearly where they were 2 years ago, taking into consideration the seasonal adjustments, when we passed in 30 minutes the bill that he talks about. The housing starts are down 20 percent from last year. Housing starts have been plunging at the most rapid rate of any year since 1950 with perhaps one exception. This is the very same type of bill that the Congress passed readily in 1958, in 30 minutes.

Somebody said that this bill was a bill for special interests. If you call the people who want houses up to \$13,500—if they are not the small, little people of this country, the veterans, and the peo-

ple under FHA—if you call them special interests, then this bill is a special interest bill because they are the people who will benefit. This bill is limited to housing for the low-income people. I wonder, and before I get through with the debate, I will be able to show it, if nobody is concerned about the 7 percent, 8 percent, and 9 percent discounts in the State of California. In other words, where you walk in to borrow money from the lender, and you want \$13,000—he says you have to give me \$1,000 and I will hold that out, but I will charge you interest on the whole deal. That is the situation that prevails in America today. Did you know because of the lack of mortgage credit in a dozen States of the Nation, FHA is bumping against the usury statutes? Well, will somebody stand up to deny that? In other words, everything is so wonderful for the homebuilder or the buyer who can pay 6 percent interest and from 6 percent to 12 percent discount.

Somebody said something about it being inflationary. I quote from the Department of Labor. These are not my figures, but these are from the Department of Labor commenting on the last cost-of-living index:

The cost of services—particularly those associated with housing and medical care—provided the main upward thrust. Mortgage interest rates, which have risen persistently for the past 18 months, contributed appreciably to the rise in the cost of housing.

The February index for mortgage interest was 8 percent above a year ago.

It is all right to talk about inflation. It is all right to talk about financial responsibility. But, it is not all right to use irresponsible statements in making these arguments. The subcommittee of which I have the honor to be chairman, has spent long months in a study of this bill. We have investigated interest rates and discount rates intensively. We did not do it, but the FHA and the VA did it for us. Investigation was made in practically every mortgage market in America. We have a printed volume on it. This is not our conclusion, but the facts as reported by the FHA and the Veterans' Administration. It is alarming to see the discounts, the unconscionable and unreasonable discounts, being charged to people who can only buy a house up to \$13,500. Do you not ever believe that the homebuilders are absorbing the discounts. They are forced to pass them on to the home buyer and the home buyers cannot meet that extra charge.

Of course, the administration must be a little disturbed whenever they see this type of bill come on the floor of the House. I notice that they have called a meeting at which they expect to lower the downpayments under the FHA, as we authorized them to do in last year's Housing Act. I am sorry that some of my good friends were not present when we had this bill up in committee to hear the testimony of Mr. Mason, the administration's housing chief. He said that this is going to be the best year creditwise of any year. This was in January. Events have certainly proved him wrong.

The SPEAKER pro tempore. The time of the gentleman from Alabama [Mr. RAINS] has expired.

Mr. O'NEILL. Mr. Speaker, I yield the gentleman 3 additional minutes.

Mr. RAINS. Speaking on the economy, I am not saying we are in the middle of a depression, but I will say the bloom is off the rose. Before we get through with the debate I expect to take the indicators of the Administration itself and prove beyond peradventure of doubt that we are in a downward nose-dive from the standpoint of unemployment and from the standpoint of housing starts. The 20-percent decline in housing starts has already meant the loss of 300,000 to 400,000 jobs in the industries which build and supply housing.

Somebody said this would be inflationary. The last time we passed a bill exactly like this—the testimony is in the record before you—the cost of a house in the \$13,500 bracket went down a thousand dollars instead of going up. That is the way to lower the cost of housing. The true increase in the cost of housing is wrapped up in the tremendous increases in interest and discount rates.

Mr. McDONOUGH. Mr. Speaker, will the gentleman yield?

Mr. RAINS. I yield.

Mr. McDONOUGH. This bill applies to mortgages that must be sold to FNMA not to exceed \$14,000 or \$13,500 in high cost areas.

Mr. RAINS. That is right.

Mr. McDONOUGH. That is all it affects, as far as FNMA is concerned. The bill provides for a direct loan to FNMA for this purpose.

Mr. RAINS. Now, wait a minute. Please do not put words into my mouth. It is not a direct loan.

Mr. McDONOUGH. That is what your own bill contains. You wrote this yourself, and you should know.

Mr. RAINS. Indeed I wrote it, and I know what is in it. It is not a direct loan.

Mr. McDONOUGH. That represents 70,000 units, if you build every one of them out of the estimated 1,200,000 units this year.

Mr. RAINS. All right. I will answer that. I remember voting for the last one just like this. The administration admits that it was the 1958 housing bill that revived housing starts. That sparked us out of the recession in 1958. If did it then, why would it not do it now?

Mr. McDONOUGH. Oh, you had a different situation then.

Mr. RAINS. What was the difference?

Mr. McDONOUGH. You had greater unemployment, and many other things. As a matter of fact, the Senator from California, the Democratic Senator, at a meeting of a loan association recently made the statement that this bill was unnecessary.

Mr. RAINS. I do not know about that. I am only interested in whether or not we have a program that will help the small average American get a mortgage loan when he cannot get it now.

In your own home city the discount rates on FHA and VA loans range up to 10 percent, 12 percent, and higher.

Mr. McDONOUGH. And no demand for this bill.

Mr. RAINS. Unless we pass this bill there will be no hope for the little man to obtain GI loans or FHA loans to buy the home he needs.

The SPEAKER pro tempore. The time of the gentleman from Alabama has again expired.

Mr. ALLEN. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. YOUNGER].

Mr. YOUNGER. Mr. Speaker, I have always refrained from trying to make a talk here on the floor of the House on a subject about which I was not informed. I have spent my entire life in the housing field and with the FHA from its inception.

No reason exists for the adoption of this bill. The question of discounts raised by the gentleman from Alabama [Mr. RAINS] is not cured in this bill; there is nothing in it that will cure the discount abuse; as a matter of fact, it will give Government cash to the lender at par for his mortgages which he has taken at big discounts.

Not a Member of this House thinks in his own mind that this bill can ever become law, and I believe the House will be wasting its time to discuss and debate this bill any further.

Personally, I am against the rule because the bill does not carry any benefits for the little man. It is designed solely for the lenders to take advantage of all the discounts which they can, then let the Government hold the sack.

If you are going to furnish tax money or Government credit for the benefit of a few then put the Government into direct lending.

Mr. HIESTAND. Mr. Speaker, you have heard enough, I am sure, to convince you that the word "emergency" in the title of this bill—Emergency Home Ownership Act—represents a gross exaggeration. There is no drop in these housing starts today, and the figures will bear me out—the rate of a million, two hundred thousand, which is a very high level.

We are debating the rule, Mr. Speaker, and it is important that we vote on the rule. There are, of course, a great many Members who always vote in favor of a rule because they want the House to work its will on the legislation, and that is ordinarily very proper. But this rule, Mr. Speaker, is based upon a false premise. The preamble of the bill states that its purpose is to "halt a serious slump." I deny that statement and say that it is a false premise upon which we are asked to vote for the rule.

I would like to say something about the rest of the title of this bill, the home-ownership part. It is in fact, and should be so called, an "anti-home-ownership bill," and I want to take a minute or two to point out that this bill discriminates against hundreds of thousands of homeowners who every year must sell their homes in a normal FHA and VA market in competition with the builders.

This bill has much to say about sympathy for the builder who sees his profit

reduced because he must absorb the VA or FHA discount. However, where is the compassion for the "little fellow," the owner of a house in the \$10,000 to \$14,000 sales bracket, who because of an increase in his family or employment reason must sell his home?

At the present time this home owner who might have a \$1,000 equity in his house must absorb the discount if the purchaser requires FHA or VA financing. This \$1,000 equity represents savings. Therefore, if the seller of an existing house must absorb a discount of \$400 or \$500 that is the same as wiping out 50 percent of his savings or equity in the house. This the owner of a house must do today, and this the owner of a house must do even if this bill is passed.

The owner of an existing house must compete with the speculative builder, who would be thus subsidized.

Mr. Speaker, every one of our previous housing bills had had one or two clauses in them that were "musts"; they were needed. Mr. Speaker, there is not a clause in this bill that is needed, not one. Nothing is essential. I think we should bear that in mind when we are discussing the bill as well as the rule.

I believe, since the rule is based upon a false premise and there is no particular reason for the bill, that the rule, logically, should be defeated.

Mr. Speaker, I yield back the balance of my time.

Mr. ALLEN. Mr. Speaker, I yield such time as he may desire to the gentleman from New York [Mr. KILBURN].

Mr. ALLEN. Mr. Speaker, I yield such time as he may desire to the gentleman from Illinois [Mr. DERWINSKI].

Mr. DERWINSKI. Mr. Speaker, I oppose the rule since there is no emergency in home building this year. Therefore, the very title applied to this bill is exaggerated, since, I reemphasize, an emergency does not exist in the homebuilding industry. This bill rather than being called the Emergency Home Ownership Act should be called the "Political Home Ownership Act." May I briefly point out the facts in mortgage financing: The effects of tight money are immediately felt in the mortgage market and funds in that market are always curtailed more sharply than in other sectors as interest rates rise. This is reflected in a reduction in housing starts and a decline in the volume of home building. A decline in the volume of business activity is normal in order to keep the economy on a sound basis and to keep borrowing within the sums of money available in the capital market. Any action by the Treasury to increase the amount of money available would be directly opposite to the program of the Federal Reserve System in curtailing the money supply to prevent inflation. We should certainly not support such programs which work at cross purposes.

Mr. Speaker, 1959 saw a high level of activity in the homebuilding industry. The value of new residential construction was up 25 percent. The number of new starts in 1959 was approximately 1,340,000. This is the second highest year of housing starts in the history of our country. This is conclusive proof

that homebuilding is getting its fair share of the available long-term investment funds.

Housing starts for 1960 are estimated by the experts to be well over a million units and probably in the neighborhood of 1,200,000. In view of the fact that family formations currently are running at about 900,000 per year, it is self-evident that we are improving our housing inventory and that home building is prospering. New starts in the last few months of 1959 were under the new starts for 1958. This, however, is nothing to be alarmed at and can be expected when we have a near record year as we did in 1959, keeping in mind that we added 400,000 more new units last year than there were family formations. The concern for a slight dip in homebuilding should not be exaggerated or overemphasized. No business or industry in America can expect to continually set production records year in and year out. Our productive capacity is such that we can produce more than we can use.

In spite of these facts, Mr. Speaker, some people in Congress called for an emergency housing bill. I, personally, find the emergency hard to find. This bill would call for the Federal Government to put up \$1 billion to finance homes. Where would this billion dollars come from? In all probability, it would come from exactly the same investors who are now lending in the home mortgage field so that, in reality, little if any new money would be brought into housing. On the other hand, the public would have to subsidize this governmental action since the Federal Government is currently paying close to 5 percent on new Government bond issues. This money would be loaned at from 5 1/4 percent to 5 3/4 percent, and the difference is not sufficient to pay for the cost of the Government obtaining this money from new issues. In other words, the overhead and cost of getting the money and putting it into Government insured mortgages would mean a net loss to the Treasury. In addition, this money would not go as far as it would if it were left in the private investment field since it would be loaned for longer periods of time.

At the present time there is sufficient mortgage money available to continue the boom in homebuilding and to enable the public to get the maximum loans available. On top of all this, the Treasury Department is exceedingly hard pressed to get needed funds for day-to-day debt transactions and Government liabilities. They are paying the highest rate ever for short-term money, and it has been 30 years since the long-term rates were so high. Again, some people in Congress would like to add additional woes to the financing of Federal Government operations by requiring an additional \$1 billion to be sought at this time. Obviously, this is neither logical nor expedient.

Everyone in Congress, I am sure, including myself, wants to see a better housed America and wants to see a continuing prosperous economy. To my knowledge, no single Member of Congress or either party has a monopoly on

housing legislation. I am very interested in housing legislation, but I think that it must be reasonable and appropriate. Today, the homebuilding industry is getting a higher percentage of the long-term funds than in any other industry, and the percentage is higher today than it has been in the years gone by. At a time, however, when homebuilding is very prosperous, it would be unfair and illogical to try and strip long-term investment capital from other segments of our economy that is needed just as badly in order to boost an industry which is already getting at least its fair share of the long-term capital available. Our State and local governments need capital for improvement of sewerage, community facilities, schools, hospitals, and other desirable necessary improvements. Many of these are in far more serious condition than is homebuilding. I believe that the majority of the American citizens are aware of this and are completely unaware of any emergency in housing at this time.

Mr. ALLEN. Mr. Speaker, I yield the balance of the time on this side to the gentleman from Illinois [Mr. ARENDS].

The SPEAKER. The gentleman from Illinois is recognized for 5 minutes.

Mr. ARENDS. Mr. Speaker, the rule before us makes in order a \$1 billion housing bill. This presents to us a key vote. On this there must be a record vote. This is where we determine, for all the people to know, those of us who believe in fiscal responsibility and those who are more interested in their own political fortunes.

By our votes they shall know us. Government spending is popular with certain individuals, certain groups, and certain sections of the country that benefit. That is understandable. Everyone likes a spendthrift, but no one likes an economizer. It is easy to spend. It is hard to economize. That is the issue here on this rule.

Mr. Speaker, the vote on this rule will serve to separate, as emphatically as anything we have done, the spenders from the economizers. On this vote we will divide the budget balancers from the budget busters. On this vote we will decide who is interested in solely his own political future and who is really interested in our country's economic stability.

This bill is presented to us as an emergency measure. I choose my words, Mr. Speaker, and I choose them carefully when I say, that to label this bill as an emergency measure is fraudulent. There is no emergency in housing. On the contrary, new dwelling units were being started at the rate of 1,100,000 to 1,200,000 during the first quarter of 1960.

What does the term "emergency" really mean? It can be defined in many ways. Perhaps there has been a decline in the numbers of homes being built. Perhaps there has been a decline in the mortgage money available. In the construction business, as in all business, there are the inevitable fluctuations. But a mere fluctuation does not constitute an "emergency," as the committee reporting this bill would have us believe.

The fact is, and the committee reporting the bill knows it, there actually is no emergency. There is none whatsoever. To report a bill to meet an emergency is one thing, but to present us with a bill on the grounds that there is an emergency, when no emergency exists, is something else.

I should like to have an explanation of the word "emergency." Is the emergency to mean more expenditures from the Federal Treasury simply to serve political purposes? Is an election an emergency?

The only emergency there can possibly be is the emergency that would be created if the fiscal soundness of our Government were undermined by the passage of legislation that would add billions to spending. We must evaluate this so-called emergency housing bill upon a basis of the whole legislative picture. This bill, along with the other spending proposals that are pending, would add billions to the budget. The adoption of this measure would open the flood gates of Federal spending.

This bill is a challenge to the Congress on the question of fiscal responsibility. This is the test for us. This constitutes a determination of whether we wish to add unnecessarily to the cost of government and thereby add to the pressures of inflation.

There is no emergency in the home mortgage market. Nineteen hundred and fifty-nine was a record year for mortgage investment activity. All types of private mortgage lending institutions supplied increased amounts of credit for home buyers. Insurance companies invested \$2.1 billion in mortgages—nearly \$350 million more than in 1958. Savings and loan associations invested \$7.5 billion—almost \$2 billion more than in 1958. Banks invested \$4.4 billion—an increase of \$200 million over 1958.

In addition, large amounts of credit were made available to the home mortgage market in 1959 by Government agencies. The rapid growth of our economy last year resulted in heavy demands for capital and credit from all sectors of our economy. These demands are being met. If there ever was an emergency in the mortgage credit market in 1959, there is none now.

There is no emergency in our overall economy. Our country's total output of goods and services reached an all-time high at the annual rate of \$498 billion during the first quarter of this year. Total personal income has also been rising, reaching an alltime high of \$393 billion in the first quarter of this year.

As I stated at the outset this is a key vote by which the American people will be able to know by the record those of us who believe in fiscal responsibility and those who would spend with abandon. This is the first of a number of pending measures that would add billions to the cost of Government. This is where we decide whether we really want to keep our Federal budget in balance, whether we really want a stable dollar, whether we really intend to reduce our national debt, whether there really is any hope at any time for tax relief. If, during this period of record employment and per-

sonal income—if during this period of prosperity we cannot keep the Federal budget balanced—we never will be able to reduce our national debt and there will be no hope of any relief from the heavy burden of taxes.

Mr. Speaker, I urge that the House reject this rule.

Mr. O'NEILL. Mr. Speaker, I yield myself the balance of the time.

Mr. Speaker, it is interesting to see how the old guard of the Republican Party is really champing at the bit today. As a matter of fact, it appears that the legislation is a bit controversial but not so controversial that the old guard would not want to cut off the 3 hours' debate that the rule provides for. I am amazed that the second in command of the Republican Party wants to deny the Members of this House the right to hear a full and open debate on the bill which only 2 years ago passed this House in a matter of 30 minutes. I was amazed at the remarks the gentleman made that, "by their votes ye shall know them." How can he forget 1948, "by their votes ye shall know them"?

Mr. ARENDS. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield to the gentleman from Illinois.

Mr. ARENDS. Let me just simply say to the gentleman I am against wasting time as much as I am against wasting money.

Mr. O'NEILL. "By their votes ye shall know them." Of course, he says we are having a great year. Actually he looks back to the rosy predictions that were made in early January of this year. He said that the gross national product was supposed to hit \$540 billion. Now they do not know that it is going to hit \$500 billion. They said that unemployment was going to be below 3 million people, but at the present time it is 4½ million people, and we do not know where it is rising to. It is about time, Mr. Leader, on your side, that you start to think of the people, the little people, the middle class people, the upper middle class people, the people who comprise 90 percent of this Nation, and that you stop thinking of the great lenders of this Nation.

Mr. Speaker, I hope that the rule is adopted.

Mr. HIESTAND. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield to the gentleman from California.

Mr. HIESTAND. The gentleman's solicitude for the little people is quite understandable. It is understandable to all of us. How about the small homeowner who has to sell his house as against the big builder? The big builder would benefit by this bill and the small homeowner is discriminated against. How about the little fellow?

Mr. O'NEILL. I do not agree with you at all. I think that the rule should be adopted so that we can have 3 hours in which we can really discuss this matter openly and fairly so that the Members can be informed.

Mr. BAILEY. Mr. Speaker, will the gentleman yield?

Mr. O'NEILL. I yield to the gentleman from West Virginia.

Mr. BAILEY. I would like to ask the Republican "whip," in his 5 minutes addressing the House he mentioned the question of fiscal responsibility four different times. I would like to ask him if he did not vote for the mutual security authorization last week.

Mr. ARENDS. Yes, sir; I voted for the mutual security authorization in the best interests of America.

Mr. O'NEILL. Mr. Speaker, I move the previous question.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the resolution.

Mr. ALLEN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 214, nays 158, answered "present" 1, not voting 58, as follows:

[Roll No. 56]

YEAS—214

Addonizio	Glaimo	Multer
Albert	Gilbert	Murphy
Alford	Natcher	Natch
Andrews	Green, Oreg.	Nix
Anfuso	Green, Pa.	Norblad
Ashtley	Griffiths	O'Brien, Ill.
Aspinall	Hagen	O'Brien, N.Y.
Bailey	Halpern	O'Hara, Ill.
Baring	Hardy	O'Hara, Mich.
Barr	Harmon	O'Konski
Barrett	Harris	O'Neill
Bass, Tenn.	Hays	Oliver
Beckworth	Healey	Patman
Bennett, Fla.	Hébert	Perkins
Blatnik	Hechler	Post
Blitch	Hemphill	Poage
Boggs	Hogan	Porter
Boland	Hollifield	Powell
Bowles	Holland	Preston
Brademas	Huddleston	Price
Breeding	Hull	Prokop
Brewster	Ikard	Pucinski
Brooks, La.	Inouye	Quigley
Brooks, Tex.	Irwin	Rabaut
Brown, Ga.	Jarman	Rains
Burdick	Jennings	Randall
Burke, Ky.	Johnson, Calif.	Reuss
Burke, Mass.	Johnson, Colo.	Rhodes, Pa.
Byrne, Pa.	Johnson, Wis.	Rivers, Alaska
Canfield	Jones, Mo.	Rodino
Carnahan	Karsten	Rogers, Colo.
Casey	Karth	Rogers, Fla.
Celler	Kasem	Roosevelt
Chamberlain	Kastenmeier	Rostenkowski
Chipfield	Kearns	Rutherford
Coad	Kee	Santangelo
Coffin	Kelly	Saund
Cohelan	Kilday	Saylor
Cook	Kilgore	Selden
Corbett	King, Calif.	Shelley
Daddario	Kirwan	Sheppard
Daniels	Kluczynski	Shipley
Davis, Tenn.	Kowalski	Sikes
Dawson	Lane	Sisk
Dent	Lankford	Slack
Denton	Lennon	Smith, Iowa
Diggs	Lesinski	Smith, Miss.
Dingell	Levering	Spence
Dorn, N.Y.	Libonati	Staggers
Doyle	Loser	Stubblefield
Dulski	McFall	Teller
Edmondson	McGovern	Thomas
Elliott	Macdonald	Thompson, Tex.
Everett	Machrowicz	Thornberry
Evins	Mack, Ill.	Toll
Fallon	Madden	Trimble
Farbstein	Marshall	Udall
Fascel	Matthews	Ullman
Feighan	Marrow	Vanik
Fino	Metcalf	Van Zandt
Flood	Meyer	Vinson
Flynn	Miller, Clem	Wampler
Fogarty	Miller,	Watts
Foley	George, P.	Westland
Forand	Mills	Whitener
Forrester	Mitchell	Wier
Fountain	Monagan	Wolf
Friedel	Moore	Wright
Fulton	Moorhead	Yates
Gallagher	Morris, Okla.	Zablocki
Garmatz	Moss	Zelenko
George	Moulder	

NAYS—158

Abbitt	Dorn, S.C.	Miller, N.Y.
Abernethy	Downing	Milliken
Adair	Dwyer	Minshall
Alger	Fisher	Mumma
Allen	Flynt	Murray
Andersen,	Ford	Nelsen
Minn.	Frelinghuysen	Norrell
Arends	Gary	Osmer
Ashmore	Gathings	Ostertag
Auchincloss	Glenn	Passman
Avery	Goodell	Pillion
Ayres	Griffin	Pirnie
Baker	Gross	Poff
Baldwin	Grubser	Quile
Barden	Haley	Ray
Barry	Harrison	Reece, Tenn.
Bass, N.H.	Henderson	Rees, Kans.
Bates	Herlong	Rhodes, Ariz.
Baumhart	Hess	Riley
Becker	Hiestand	Robison
Belcher	Hoehn	Rogers, Mass.
Bennett, Mich.	Hoffman, Ill.	St. George
Bentley	Hoffman, Mich.	Schenck
Berry	Holt	Scherer
Betts	Horan	Schwengel
Bolton	Hosmer	Short
Bosch	Jensen	Sifler
Bow	Johansen	Simpson, Ill.
Bray	Johnson, Md.	Smith, Calif.
Brock	Jonas	Smith, Kans.
Broomfield	Judd	Smith, Va.
Brown, Ohio	Keith	Springer
Broyhill	Kilburn	Stratton
Budge	King, Utah	Taber
Byrnes, Wis.	Kitchin	Teague, Calif.
Cahill	Knox	Thomson, Wyo.
Cannon	Kyl	Tollefson
Cederberg	Laird	Tuck
Chenoweth	Landrum	Utt
Church	Langen	Van Pelt
Collier	Latta	Wainwright
Colmer	Lindsay	Wallhauser
Conte	Lipscomb	Weaver
Cramer	McCulloch	Weiss
Cunningham	McDonough	Wharton
Curtin	McMillan	Whitten
Curtis, Mass.	McSweeney	Widnall
Curtis, Mo.	Mahon	Williams
Dague	Mailliard	Willis
Davis, Ga.	Mason	Wilson
Derouman	May	Winstead
Derwinski	Meader	Withrow
Dixon	Michel	Younger

ANSWERED "PRESENT"—1

McCormack

NOT VOTING—58

Alexander	Gavin	Pelly
Anderson,	Granahan	Philbin
Mont.	Grant	Pilcher
Boiling	Halleck	Riehlman
Bonner	Hargis	Rivers, S. C.
Boykin	Holtzman	Roberts
Brown, Mo.	Jackson	Rogers, Tex.
Buckley	Jones, Ala.	Rooney
Burleson	Keogh	Roush
Chelf	Lafore	Scott
Clark	McDowell	Steed
Cooley	McGinley	Sullivan
Delaney	McIntire	Taylor
Devine	Magnuson	Teague, Tex.
Donohue	Martin	Thompson, La.
Dooley	Moeller	Thompson, N.J.
Dowdy	Montoya	Walter
Durham	Morgan	Young
Fenton	Morris, N. Mex.	
Frazier	Morrison	

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. McCormack for, with Mr. Halleck against.

Mr. Keogh for, with Mr. Lafore against.

Mr. Morgan for, with Mr. Devine against.

Mr. Buckley for, with Mr. McIntire against.

Mr. Rooney for, with Mr. Pelly against.

Mr. Fenton for, with Mr. McGinley against.

Mr. Walter for, with Mr. Scott against.

Mr. Delaney for, with Mr. Taylor against.

Mr. Holtzman for, with Mr. Jackson against.

Mr. Jones of Alabama for, with Mr. Dooley against.

Until further notice:

Mr. Montoya with Mr. Gavin.

Mr. Morris of New Mexico with Mr. Martin.

Mr. Morrison with Mr. Riehlman.

Mr. McCORMACK. Mr. Speaker, I voted "aye." The gentleman from Indiana [Mr. HALLECK] is absent on official business. If present he would have voted "no." I have a live pair with the gentleman from Indiana, and therefore withdraw my vote of "aye" and vote "present."

The result of the vote was announced as above recorded.

EMERGENCY HOME OWNERSHIP ACT

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10213) to amend the National Housing Act to halt the serious slump in residential construction, to increase both on-site and off-site job opportunities, to help achieve an expanding, full-employment economy, and to broaden home ownership opportunities for the American people.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 10213, with Mr. FORAND in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule the gentleman from Kentucky [Mr. SPENCE] will be recognized for 1½ hours and the gentleman from New York [Mr. KILBURN] for 1½ hours.

Mr. SPENCE. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, the three great essentials to civilized man are food, clothing, and shelter. The Government, recognizing that, has established a program to stimulate housing for its citizens through FHA insurance. It has made it possible for many of our citizens to obtain homes. Through VA direct and guaranteed loans our veterans have been helped.

This bill is to carry on further a general housing policy that has been established so that our people can obtain homes on fair terms and at reasonable rates of interest.

We all know that many of our citizens who have endeavored to purchase homes have been the victims of high discounts and high interest rates. I believe that the passage of this act will furnish some assistance to those people who desire homes.

I am not going to discuss the details of the bill, but I will say that I favor it.

Mr. Chairman, I now yield such time as he may desire to the gentleman from Alabama [Mr. RAINS], chairman of the subcommittee that reported this bill.

Mr. RAINS. Mr. Chairman, the bill before us today is H.R. 10213, which was reported by the full Banking and Currency Committee on March 15 by a vote of 18 to 7.

The bill has four main objectives.

First. It strives to help the consumer, the home buyers;

Second. It seeks to restore health and vitality to the key homebuilding industry;

Third. It seeks to be of help to a sagging economy; and

Fourth. It intends to help reduce the exorbitant and unconscionable discounts prevalent throughout the Nation on home loan mortgages and to reduce the interest rates which are at an alltime high.

Those are the primary purposes of the bill.

Listening to some of the debate on the rule, one would think that this is a new bogeyman with some kind of forked tail and horns, but actually this is the same kind of bill which the Congress over many times in the past has sponsored to help the homebuilding industry of this country.

It seeks to provide a revolving fund of \$1 billion for the Federal National Mortgage Association to buy mortgages on which the Federal National Mortgage Association will make a profit for the Government of the United States. This is not a raid on the Treasury of the United States; this is not a sop to some homebuilder; this is directly aimed at and intended to be of benefit to the lower income groups of America in getting a home. It is the same method that we have used over the years to raise the percentage of home ownership in this country from about 30 percent in the thirties to better than 60 percent today.

It has been one of the main weapons that has helped FHA to become one of the most highly respected functions of this Government.

This bill will not cost any money. FNMA pays all of its own expenses, including interest to the Treasury. In the last year alone it returned in profits to the Government \$16.3 million.

The accumulated net income of the Federal National Mortgage Association's special assistance program is \$33.9 million over and above all costs, administrative, of all types.

It is not socialism, because actually it is a support to the private industry market. It is not liked and revered by the money lenders, and I sometimes think this administration is full of them. It is not liked by the people who want to charge a \$1,000 discount on a \$13,500 loan and then collect interest across the board on the whole amount. Sure, they do not like it. But, it comes at a time when the housing starts of this Nation have been dropping every month from January and today are 20 percent below what they were a year ago.

Presently we are starting houses at the rate of about 1.1 million a year. Last year we built 1.35 million. And, I would like to point out that the thing that helped us to build 1.35 million last year was the 1958 bill, the prototype of this bill, because it took more than 6 months, from April 1958, to put that bill into full operation. So, the pride that the opponents of this legislation display over last year's record is chargeable in large degree to the legislation we passed in 1958.

Somebody said we are not in an emergency. Well, I believe it would be better to take action to bolster an industry that certainly is sagging—and nobody can deny that—than to wait until the floor

drops out from under it and more than half a million people are discharged from jobs in this country in the homebuilding and supplying industries.

I heard this morning that this bill would be inflationary and was labeled as a "spenders" bill. You know, when you get to the point where you call names and make statements that are totally irresponsible, it shows how completely in default and bankrupt the opposition to this bill is with reference to ideas. I would like to hear somebody answer the hard, cold facts of what we face up to, not what somebody writes in the paper about political "baloney" or "political payola"—nice brand names—but they do not get a home for your boys who want to buy one up to \$13,500, or \$14,500 in the high-cost range, where they cannot get it today.

I said awhile ago in the debate on the rule that the Labor Department, which makes our statistics now, said that one of the reasons for inflation last year—and I never hear my friends talk about inflation of interest rates, and I would just like to say parenthetically that the greatest inflation that has come to America under this administration—and do not forget that this fall when you walk across the hustings—has been in the inflation in interest rates on the backs of the little people of America.

The thing that is wrong with our economy today and the inflation proposition is the exceedingly high cost of money. Suits have been filed in the State of Tennessee and in the city of Baltimore in which the Attorney General is asking the FHA to be barred from doing business in the State because it violates the usury statute.

It is fantastic. And what can a fellow do, one who is on a salary, when he can pay only \$50 or \$60 a month on a house? How can he stand the high discounts and high interest rates? In the last 6 years this is what has happened. If you had built a house 6 years ago, the same house today would cost you \$4,500 more in interest. That is in interest alone. That would mean a bathroom and another bedroom. Now, where does that go? That does not go to the appliance dealers or the lumber dealers. That goes into the pocket of the money lenders of America. That is where it goes. And why? Because they have no competition and because the administration's hard money policy has driven interest rates sky high.

Sure, I realize that this bill will build only about 70,000 or 80,000 houses in this country, but that is a good many. But once you turn this money into the mortgage credit channels of the country—we tried it, not just in 1958, but year after year—you will see other money moving in at a reasonable price. I am not against people who are in the mortgage credit business. I think I can prove by the record that I am one of their best friends in helping them with the right kind of legislation.

But I am against the unreasonable interest rate squeeze that is being put on people who cannot pay, and this bill is intended to help relieve that situation. I do not know if you want to know what

the discount rates are in your town, but if you do, you can check a pamphlet that the Subcommittee on Housing has published in which we list practically every city in America, showing how much they are charging for discounts and interest rates in that city.

Somebody said that this would be inflationary, and would increase the cost of homes. That is absolutely not true. That is absolutely an irresponsible statement, because here are the figures. In 1958, after we passed a bill exactly like this bill, the cost of housing went down \$1,000 a unit instead of going up. The same thing will happen now if we enact this bill into law.

Now I would like to make this statement. We talk about how well we are doing in housing—and I know somebody will stick up his ears at this—and we are proud of the programs that we have. And they have been good. But do you know where we are actually with reference to housing? We are building fewer houses per capita today than we built in 1925. That is right, horse-and-buggy days so far as providing homes for the American people is concerned. We took a great step forward to get us out of the same kind of disparity on highways last year and the year before when we put in a multibillion program for highways in America. But we never seem to realize that the basic center of American citizenship is wrapped up in the homes of this country. I do not know how you feel, but I am frankly not interested in the political end of this for myself. I have been in politics a good many years. I have been sitting on this committee for 16 long years and I have brought bill after bill like this to the floor of the House.

I never yet have seen anybody suffer from casting a vote to help the people of lower incomes in America become home owners. I mean that sincerely. Whether it is politics or not, it is the thing nearest to their hearts.

Do you realize that out of the billions of dollars FHA has guaranteed in this country the nonpayment rate is less than one-half of 1 percent? I have some friends who tell me, "You are going to bust this Government sometime with all the guarantees you have on housing in America." Do you know that FHA through the operations of FNMA and other agencies has a profit of nearly a billion dollars over and above all expenses, lying over in the FHA treasury? Do you know also that it was by these methods we are talking about today that that came about? They charge us with fiscal irresponsibility, but what we are really doing is to make a nation of home owners out of the American people clear down to the little fellow who cannot pay up to \$35 or \$40 a month.

Mr. Chairman, talk about public housing. There is no public housing in this bill. I wish we could find a way to get housing for that income group without public housing. This is the closest thing you can get to it in the private-enterprise way. If you are not going to be for supporting and helping a man buy a \$13,500 home, do you want to put him in the poorhouse or do you want to put him in public housing? Or do you want

him to live in a cracker box or a piano case somewhere? There is no issue more dear to the heart of the average American than getting a home for himself and his family.

When I listen to all of this misleading propaganda that comes in about balancing the budget, let me say that this does not take any billion dollars out of the Treasury of the United States. It utilizes the money only as the mortgages are bought and the repayments are made and go back to the Treasury of the United States, with a profit. If you would believe some of the prophets of doom about the finances of this country that I have been listening to, you would think we were taking the taxpayers' money and building free houses for these people, and that they did not pay for them. I get tired of that kind of irresponsible talk. If a man does not know any better I excuse him, but I am sure these gentlemen know better.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from New Jersey.

Mr. WIDNALL. I would like to know where the billion dollars comes from if it does not come from the taxpayers.

Mr. RAINS. I did not say it did not come from the Treasury. I said it did not come all at once. It is repaid. It is not a grant. The Government is making profits out of the FNMA operations. Is not that right?

Mr. WIDNALL. That is true, but any part of it at all that is taken this year unbalances the budget by that much. Is not that so?

Mr. RAINS. That will be true. But always remember that the biggest unbalanced budget I have ever heard about since I have been here was in the year 1958. It came in fiscal 1959, as a matter of fact. My distinguished friend served on the committee and he understands and knows what this is all about. The thing that made that \$12 billion deficit in 1959—I do not know the exact figure, but that is approximately what it was—was the very thing we are trying to prevent with this bill, a decline in the gross national product caused by the last recession. You let housing starts fall below a million, and they are only 115,000 above it, and you will see every idea of a balanced budget go out the window.

We can only balance budgets in this country when people work. We can only balance budgets in this country when people make profits. We can only balance budgets in this country when everybody is employed. We cannot balance the budget by turning down legislation such as this which generates 10 times the amount of money for the building industry and all other kinds of activity that is involved than the legislation would cost. I tell you—you can laugh but you cannot prove otherwise—this is the best way to insure balancing the budget. We either go up or we go down and we are not going to sit exactly on the status quo. So this bill is not inflationary. This bill will not unbalance the budget. This bill will mean we will have a bigger surplus at the end of the year and, certainly, at the end of next

year than we will have otherwise if this bill is passed.

I mentioned the housing start figures a moment ago. They are at an extremely low point. Yet, I can remember when we had the hearings on this that the distinguished gentleman who is the head of the Housing Administration pooh-poohed the idea that they were going to drop and said they were going to go up. But the simple truth of the business is that some effort has been made to charge it all off to the weather—these people forget that the figures we have been talking about are adjusted for seasonal factors such as weather. Some effort has been made also to say that nobody wants this bill, which is a false charge. Some effort has been made to say that not even the homebuilders want it. I suggest that the gentleman from California read what the builders from Los Angeles and San Francisco said. I could suggest also that the gentleman from New Jersey interrogate good men like Mr. Mitnick, who was president of the National Association of Home Builders, and who is one of his distinguished compatriots. See whether they want it or not.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield.

Mr. McDONOUGH. I do not dispute the fact that the gentleman had testimony from the homebuilders in favor of this bill. As a matter of fact, if I were a homebuilder, I would be very much in favor of this bill. If I can sell my \$13,500 mortgage at par to the Government, I am going to sell as many of those mortgages as I can. Now I am not going to guarantee, if I do that, that the fellow who buys the house is going to profit one bit either by lower payments or a lower rate of interest or any better housing. I am going to take a profit out of it, and that is what this bill will do.

Mr. RAINS. We heard the gentleman or somebody make that statement this morning. That statement is in error. Certainly, I know the homebuilder is passing it on. I know that both the homebuilder and the high interest man is passing it on to the consumer. I know it because I have been through some of the situations myself. As I understand it, this bill would help to alleviate that kind of situation instead of making it worse.

Mr. Chairman, one other thing and then I am through. There are some items I want you to keep in your mind as you consider legislation this year. In March, and these are unassailable figures or I would not quote them because I have already learned long before now not ever to get up here and make a statement unless you can prove it. Unemployment in March was 4,200,000—only 3 percent below a year ago. And current unemployment on a seasonally adjusted basis equals 5.4 percent of the whole labor force and includes 1,200,000 men and women who have been jobless for 15 weeks or more. Average working hours in manufacturing declined for the third successive month. Press reports of layoffs in offices, plants and other industries are commonplace—read the

Wall Street Journal today or for any other day.

Business activity continues to show many serious weak spots with declines generally outweighing gains in recent months.

Total business inventories rose \$2 billion in the first 2 months of this year. These now amount to \$91.4 billion, nearly back to the level reached just before the 1957-58 recession. The replenishment phase is now over.

Overall industrial production declined in each of the past 2 months. The daily rate of auto output has dropped 17 percent since January, while inventories have piled up past the million mark. The steady drop in steel output has cut operations below 80 percent of capacity. The slow market for home appliances has cut sales of gas appliances, electric ranges, refrigerators, washers and dryers, all below year ago levels. At the same time, consumers have steadily gone deeper into debt. Outstanding consumer installment credit has jumped by more than \$5 billion over the past year. This is an increase of 16 percent—more than triple the rate of rise in personal income.

Farm income steadily slips lower. The annual rate in the first quarter of this year was only \$10.3 billion. This was 15 percent below a year ago and 20 percent below election time in 1958.

Total contracts awarded for all types of construction have trailed year-ago levels for the past 8 months. While most categories have shown declines recently, the sharpest drop has been in housing. The seasonally adjusted annual rate of housing starts in March—1,115,000—was down 20 percent or nearly 300,000 units from the year ago rate. Further declines are indicated by the low level of FHA applications—down 30 percent from a year ago in March—and VA appraisal requests—down 45 percent.

These factors have been clearly reflected in the stock market. The Dow Jones Index is now approximately 10 percent lower than last December and in this period the total value of stocks on the New York Stock Exchange has tumbled \$30 billion.

Main hope of the business optimists is now the forecast of plant and equipment spending. According to a Government survey, this would rise 14 percent over last year, but already doubts are being expressed about this forecast which was made very early in the year when optimism was the order of the day. Machine tool orders, usually an early indicator of any rise in this spending, have failed to increase, and at least one industry—railroads—has already lowered its sights.

Some newspaper reports have recently indicated a rise in department store sales. While it is difficult to adjust fully for the effect of Easter it should be kept in mind that these account for only 6 percent of all retail sales and do not necessarily indicate trends in the other 94 percent.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield.

Mr. WIDNALL. Why is it that any figure that shows an increase must be

explained away, while everything that shows a decrease is emphasized?

Mr. RAINS. I have not found a figure that shows any increase. I said it was expected there would be an increase around Easter, but I do not have the figures.

Mr. WIDNALL. I find it very difficult to follow the argument on the other side of the aisle many times, particularly with respect to the stock market. I remember that many decried an increase in the price of stocks and all the money that was being made in the stock market. Now the figures are being given today to show that everything is wrong with the United States because stock prices are going down. It is only off 6 percent. Do you want the stock market to go up and continue to go up?

Mr. RAINS. I am merely stating what the facts are in support of the case which I am presenting to the Congress. They are not warped. They are not twisted. The times are not what some people would have us believe they are. We need to pass this bill to prevent a recession so that you will have a surplus in the budget next year, not to mention the need to put the unemployed back to work.

Mr. EVINS. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield.

Mr. EVINS. I wanted to point out in connection with the testimony before the House Appropriations Committee, of which I am a member, the testimony of Mr. Zimmerman, Federal Housing Commissioner, page 923, a corroborating statement of the gentleman from Alabama. He has made a very interesting statement and we always listen to him with profit. Commissioner Zimmerman points out that the housing starts are not as much as they have been in the past, but he also disagrees with the high interest rate. He says that is the crux of the problem.

So this testimony before the Appropriations Committee corroborates just what the gentleman from Alabama has said.

Mr. RAINS. I appreciate the remarks of the gentleman.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield further?

Mr. RAINS. I yield.

Mr. WIDNALL. The gentleman spoke about the number of employed and unemployed in this country just a little while ago. I have figures which I am sure are correct which show the average number of people employed in the first quarter of 1959 as 63.1 million. For the first quarter of 1960 the figure is 64.3 million, or up 1.2 million from the previous year.

The average number of unemployed for the first quarter of 1959 was 4.6 million; for the first quarter of 1960 it was 4.1 million, or down one-half million or 10 percent from the previous year. This certainly seems to bear out the statement that 1960 is showing an improvement over 1959.

Mr. RAINS. The gentleman surely does not mean to insist that conditions are better now than in 1959.

Mr. WIDNALL. Yes.

Mr. RAINS. Why does not the gentleman stop to remember that he does not take into consideration the extra 2 million people who went into the labor market; what happened to them?

Mr. WIDNALL. These figures show there were a greater number of people employed.

Mr. RAINS. Does the gentleman mean to tell me he can feel complacent when there are over 4 million people unemployed; not to mention the million or more forced to work a reduced workweek?

Mr. WIDNALL. The last figures are 4.2 million. What I object to is the fact that the people throughout the country are told as a serious matter that we are going further and further on the downhill road, when as a matter of fact the reliable figures show there were in March 4.2 million unemployed. The head of one of the great labor unions of this country told the people of the country there were 5 million unemployed the very same night these figures showed there were 4.2 million.

Mr. RAINS. I was correct when I said the figure was 4.2 million, was I not?

Mr. WOLF. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield.

Mr. WOLF. I was wondering what happens to the people who are working 2, 3, 4 days a week, making sash and doors in factories in Dubuque, Iowa, and in the building industry in my district. Are they included in the number of unemployed?

Mr. RAINS. No, they are not, and the gentleman is correct to be concerned about the hardship these people are suffering.

Mr. WOLF. I was shocked just Monday of this week to discover that most of my building people who make sash and doors in Dubuque, Iowa, the largest industry in my district, are on a 2-, 3-, or 4-day workweek. Hundreds of them will be discharged. I thank the gentleman for what he has stated. I am very proud to be here to hear it.

Mr. RAINS. As I said in the beginning, when we bring in a measure to do something for our own people we are told we are putting the Government on the threshold of bankruptcy, yet in the past my distinguished friends on the other side of the aisle voted \$4½ billion of back-door spending. Last year for the World Bank, for all of the programs all over the world, they voted large sums of money. They also did it when they voted for the Farmers Home Administration, the St. Lawrence Seaway, the Export-Import Bank, the program of direct loans for veterans and, of course, the Federal National Mortgage Association.

Many of the foreign aid bills that we have—and one particularly last year, \$4½ billion—this is not the only one—went out of our committee, went zooming through the Rules Committee, went zooming out of this House, was signed by the President to give it away all over the world. I wonder, did they unbalance the budget last year? Will you ever get that back? Are not the American people a better risk than they are?

I want it understood I am one who votes for foreign aid, but at the same

time I am getting to the point where I want to think of our folks here at home along with the rest of them.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. RAINS. I yield.

Mr. MULTER. In his very complete and interesting discussion the gentleman overlooked another, the Inter-American Bank; and the administration is now urging the International Development Association, a division of the World Bank with obligations running into the hundreds of millions. Together with the gentleman I say let us do something at home now.

Mr. RAINS. I agree with the gentleman.

This bill is in the good American tradition of trying to do something with private enterprise to help build homes in this country.

Mr. Chairman, in concluding I would like to discuss in some detail the various provisions of the bill.

The heart of the bill, of course, is section 11 which authorizes an additional billion dollars for FNMA's program 10 operation to make par purchases and commitments of FHA and GI loans for the construction of low- and moderate-priced new housing. It is this provision which will supply a powerful stimulus in easing the mortgage credit famine which has been sorely afflicting homebuilding in many areas of the country. As preventive medicine, I can think of no more worthwhile form of Government investment.

As I have indicated previously, these mortgage purchases are not subsidies, they are not grants—they would represent riskless assets to be acquired by the Government which would be repaid with interest and would cost the Government nothing. And the benefits this investment will reap in my judgment will be incalculable. They will help restore health and vitality to residential construction; they will increase employment opportunities both onsite and off-site; and through the additional economic activity they will generate, and the consequent increase in tax income, they will benefit the Government as well as the health of the overall economy.

I think it important to emphasize also the indirect as well as the directly measurable effects of this additional billion dollars for the FNMA special assistance program. While directly this fund will stimulate the construction of from 70,000 to 80,000 dwelling units, expert opinion is convinced that the injection of this flow of mortgage credit on liberal terms will have a multiplying economic effect. I have been told by men who know in the building and mortgage industry that this fund would provide a powerful catalyst in increasing the availability of mortgage credit generally. They are convinced that the original 1958 program 10 had a powerful cumulative and reinforcing effect in giving a general stimulus to mortgage lending.

One amendment in the bill should be of particular interest to those who live in areas where housing costs are higher than the national average. While the present mortgage limit of \$13,500 would be retained, FNMA would be authorized

to increase that ceiling by an additional \$1,000 to \$14,500 in high cost areas. In addition, we have written in a high cost provision to permit program participation for Alaska, Hawaii, and Guam which are faced with unique problems of higher building costs.

There is an amendment in section 10 of the bill to make it clear that section 213 cooperative housing will be eligible for purchase by the additional \$1 billion fund authorized for FNMA's program 10 special assistance operation.

The bill would also restore for a 1-year period the par purchase requirement for all of FNMA's special assistance programs. These programs, which include urban renewal, cooperative housing, and others as well as program 10, have been designated by the Congress or by the President as deserving of special assistance. It is indefensible to permit the agency to continue to charge discounts in these special fields.

In addition, the bill for a 1-year period would establish a ceiling of 1 percent on the commitment and purchase charges which the association could make on special assistance mortgages—at present FNMA has set these charges administratively at 1½ percent. Also, to avoid excessive penalty to projects which do not go forward to completion for one reason or another, the bill would reduce the required initial payment for a commitment from one-half of the total charge to one-fourth of the total charge.

Mr. Chairman, I would like to emphasize that the bill contains safeguards to assure an equitable distribution of these loan funds. The bill would require the Association to allocate the funds in order to channel them to the maximum extent practicable into geographic areas where the problems of excessive mortgage discounts and the shortage of mortgage credit are most severe.

In order to guard against the possibility that a few builders might get a disproportionately large share of these funds, FNMA is also directed to establish regulations to provide for an equitable distribution of commitments.

One provision of the bill which would have an important effect in preventing a further deterioration of the mortgage market would prohibit FNMA from swapping mortgages for bonds for a 1-year period. This would be achieved by requiring sales for cash only and for a price not less than the cost of acquisition. Despite the unmistakable opposition of the Congress in the last session, and I would remind you that the Senate even passed a resolution condemning the policy, the administration persisted in carrying out its misguided policy of swapping FNMA-held mortgages for certain Government bonds. Apart from the debate as to whether this form of exchange results in a loss to the taxpayer, there can be no debate that in periods of mortgage credit shortage any action which would dump blocks of FNMA-held mortgages on an already saturated mortgage market is clearly indefensible.

Other amendments in the bill are designed to bolster the market support of FNMA's regular secondary market operations. In the first place, the bill would reduce FNMA's stock purchase re-

quirement from 2 percent to 1 percent, which should help minimize the burden of doing business with that agency. The second provision would prevent FNMA from arbitrarily refusing mortgages offered to it. Over the years we have heard many criticisms of this policy and I think it is about time we made it clear that FNMA should not attempt to second guess the FHA and VA, and it must be made willing to purchase at prevailing prices any guaranteed or insured mortgage, provided of course that the mortgage is not in default. Also FNMA would continue to have authority to limit the age of eligible mortgages.

We have also incorporated in the bill a provision which would include in FNMA's policy directives an emphasis upon the desirability of stabilizing the mortgage market. This should prove to be a helpful directive for FNMA officials so that in conducting their operations they can give more effective support to the mortgage price structure.

Other sections of the bill seek to offset the increasingly severe burden which spiraling interest rates have placed upon home buyers. One provision would give discretion to the FHA Commissioner to reduce the insurance premium to one-fourth of 1 percent. FHA now boasts total reserves of three quarters of a billion dollars and most experts believe that the reserves under section 203 are adequate to meet a major depression.

A special section would seek to bring relief to home buyers under the section 203(i) program. For this low-cost housing, as you know, the administration permits an additional one-half of 1 percent service charge, which, when added to the 5¾ percent interest rate and the one-half of 1 percent insurance premium, brings the total financing costs to those low income families to 6¾ percent. Frankly, I am appalled to think that the Government has permitted itself to get into a situation where it is actively encouraging lenders to gouge lower income families with a mortgage financing cost of nearly 7 percent. To restore some equity for this lower income group, my bill would set up a special \$50 million FNMA special assistance fund to which section 203(i) loans could be sold, provided a lender does not charge the one-half of 1 percent service charge.

Another important and unique feature of the bill would seek to increase the availability of FHA financing by permitting individuals to make FHA-insured loans. Presently, FHA-insured loans may be made only by incorporated lenders. By permitting individuals to participate, we hope to make the FHA program more effective, particularly in smaller towns and communities. Certainly we should leave no stone unturned in our search for means of increasing the availability of FHA financing. This provision has special importance in view of our growing need to find new sources of mortgage funds. It should be noted that the making of GI home loans by individuals has been permitted by the Veterans' Administration from the very beginning, and there has been no evidence of abuse.

Another important provision would set up an FNMA backstop to assure the avail-

ability of financing for the new section 810 off-base defense housing which we authorized in last year's Housing Act. Ordinarily it requires some time for new FHA programs to gain investor acceptance and to bridge this gap FNMA special assistance is needed. For this purpose the bill would authorize a \$25 million revolving fund for the purchase of section 810 mortgages.

Another section would make mandatory the acquisition of Wherry Act housing by the military if the housing is located at or near permanent military installations. Presently, acquisition is mandatory only where Capehart housing construction is going forward.

The bill seeks to impose some restriction on the excessive discounts charged on FHA-insured and VA-guaranteed loans. Section 14 would set up a new procedure which would require the lender in the case of each VA-guaranteed or FHA-insured loan closed to report to the appropriate agency the amount of the discount charged and against whom it was charged. By providing for full public disclosure the bill should exert a healthy pressure to prevent excessive discounts. We will also benefit by having a sensitive indicator of the trend in discounts which can serve as a guide to future legislative policy in any attempt to reimpose controls on discounts.

And finally, section 16 of the bill is designed to make sure that the housing needs of civilian space agency personnel will be met. The recent shift of certain missile development bases from the Department of Defense to the new civilian space agency, the National Aeronautics and Space Administration, has denied the employees of the new agency the benefits of section 809 financing, a result of course which no one intends. The bill would make it clear that NASA personnel in these installations would be eligible for the benefits of section 809 financing.

Mr. Chairman, this concludes my remarks both of a general nature and in detail on the bill now before us. I think the immediate passage of this bill is imperative and because it is so greatly in keeping with the demands of our public welfare, I urge every Member to give it his support. Clearly no one should oppose the objectives of the bill which are powerfully and succinctly stated in the short title as needed to "halt the serious slump in residential construction, to increase both on-site and off-site job opportunities, to help achieve an expanding full employment economy, and to broaden home ownership opportunities for the American people."

Mr. BARRETT. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BARRETT. Mr. Chairman, the need for better housing for all Americans is greater today than in any period of our Nation's history. Therefore, I sincerely hope our colleagues will unanimously vote for the passage of H.R.

10213, the Emergency Home Ownership Act. I personally strongly favor this bill because it will provide additional jobs for our unemployed and, at the same time, will grant home ownership to those families who for years have been unable to buy because of high prices and high interest rates.

This bill will be of special benefit to the residents in the First Congressional District of Pennsylvania because, among other things, it will permit them to buy homes at lower monthly payments.

I have talked with many civic and religious organizations and individual citizens about the housing problems facing us today and all agree that some positive legislative program must be established to provide modern, low-cost housing for our American families. This is particularly true in south Philadelphia where the demand for housing is desperate. While great strides have been made in the past few years to clear our slum areas and provide low-rent public housing, many Philadelphians are still finding it very difficult to find decent homes.

This is especially true in the large family class where a father and mother have the responsibility of properly raising five or six or seven children—and how can this be accomplished if the family is forced to live in a slum area simply because the rent is cheaper? This atmosphere is certainly not desirable for young, growing children, and surely the parents are not to be condemned because they cannot afford to buy a home. What can they do? All the public housing projects have long waiting lists for large family units. Private landlords are asking unreasonable monthly rentals for average living quarters, and in many instances will not take a family with more than two children. This is the problem facing not only the residents of Philadelphia, but the majority of low-income families throughout the United States.

Mr. Chairman, as representatives of the people, we cannot sit idly by while these very same people suffer. We cannot afford to wait until economic conditions improve. We must take immediate action to stimulate our rate of economic growth so that all Americans able and willing to work can find gainful employment.

One of the weakest spots in our economy is the decline in the homebuilding industry, and the bill before us now will give this industry a much needed shot in the arm by providing \$1 billion in funds to purchase FHA and GI loans on lower priced housing.

Our homebuilding industry, comprised primarily of small business firms, is one of the Nation's largest. The building of homes the average American family can afford will create hundreds of jobs locally. The unemployed who need work, but cannot find it, will be offered many job opportunities. The economy of the area will become sound. And the people will be given the opportunity to buy a home.

Mr. Chairman, no intelligent man or woman can possibly find fault with the desirable objectives of this bill. I urge its immediate passage.

Mr. McDONOUGH. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. KILBURN].

Mr. KILBURN. Mr. Chairman, this bill lays the spending issue squarely before the Congress.

If you want to be known as an irresponsible spender—vote for this bill.

If you want to be known as a budget buster—vote for this bill.

If you are for fiscal irresponsibility—vote for this bill.

If you want to socialize mortgage credit—vote for this bill.

If you think the taxpayers should subsidize about 3 percent of the home buyers this year—vote for this bill.

Over \$30 billion of mortgage credit will be used this year.

Those are the issues raised by this legislation.

Rollcall votes on this measure will make clear to the taxpayers where you stand.

I am against this bill and I urge that it be defeated.

Mr. McDONOUGH. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, I always enjoy hearing my friend from Alabama with whom I have served on the Subcommittee on Housing since its inception. He is sincere, he believes in what he says, he is devoted to many fine principles with which I agree. But I think he is being led up a dark alley in this bill because the statistics he read to you concerning unemployment and the present economic situation in this country, the gross national product, discounts on mortgages, and the effect it is having on the small wage earner gives the impression that this bill is going to cure all of those problems. It is not going to make the slightest indentation on that.

The billion dollars authorized in this bill is for the purpose of purchasing through FNMA mortgages not to exceed \$13,500 and \$14,500 in high-cost areas. If the whole amount were used, and that is doubtful because in the last attempt we made to provide special relief for homebuilding, only 85 percent of the billion dollars that the gentleman referred to that we passed upon 2 years ago, was used. The situation economically in the country was far worse than it is today. But if all the amount that this bill provides were used it would build only 70,000 housing units at the rate of \$13,500 or \$14,500. That is out of an anticipated annual total of, we will say conservatively, 1.1 million homes this year. Is that going to restore the situation so far as the employment level is concerned all over the country? I am sure he cannot leave that impression with anyone and make it stick, because it is not going to do that. It is going to pump a billion dollars into the investment market in this country, which will interfere with the depositors in savings and loan associations, it will reduce the possibility of return on money invested by many small wage earners in various ways. It will impose upon them a tax obligation to pay this billion dollars back because there is no other place to obtain the billion dollars except from

the Treasury of the United States. It will add to the national debt and it will add to the further tax obligation of everyone.

I want to quote from a statement that the Senator from California [Mr. ENGLE], formerly a Member of the House, now a Member of the Senate from the State of California, made at a meeting in California recently of the California Savings & Loan Associations specifically about this bill. If this bill should pass the House, Senator ENGLE will have to vote on it, and he will undoubtedly express his views on the Senate floor at that time. He said, and I quote:

On the House side in Washington this session Congressman ALBERT RAINS, of Alabama, has introduced a bill to provide for \$1 billion worth of Treasury money to be available to FNMA to be used for FNMA purchase of VA mortgages and FHA-insured loans at par.

It seems doubtful that this will pass, for two reasons. First, unlike 1958, when the last such transfusion took place, we do not today have a general economic recession. Second, again unlike 1958, housing starts have not dropped to 900,000, or any other figure at which the situation seems critical for the housing industry. So this year, the Rains proposal does not enjoy the same broad base of support that a similar measure did 2 years ago.

Even if it did become law, it still would not provide the answer. Based on our experience in 1958, California would get about 8.7 percent of the appropriation, or \$87 million. But now, as then, we are building about 13 percent of the houses in the country, and I calculate our State's total need to be in the neighborhood of \$2¼ billion. This is more than twice the total amount contemplated by the Rains bill, if we got it all, instead of less than one-tenth of it.

This is an indication of what a futile effort this is to relieve the unemployment situation.

There is no complaint, so far as I am concerned, from people by mail or otherwise, that the home buyer is complaining about not being able to buy the house he wants, the downpayment, the rate of interest, the maturity of the mortgage, and so forth. This bill has been pending before the Congress since January, and the only appeals I have had for its passage have been from a few builders, homebuilders, in California; nothing from home buyers. Therefore, I believe that we should, if we are going to pass any legislation at all, consider the taxpayer on the broad basis, the home buyer, rather than the homebuilder.

Take the automobile industry. My friend the gentleman from Alabama [Mr. RAINS] read the figures recently about the high inventories in automobiles. We are producing more automobiles this year than we did last year up to the present time, but is there any attempt to ask for a Federal subsidy to take care of these million cars that are in the inventory? Is there any legislation pending here to prevent the car buyer from becoming a victim of a high discount on the paper that he has to assume when he buys an automobile? Why should this apply in this instance if it does not apply in the other? And if we attempt to get into it here, in my opinion we are approaching Federal subsidies, socialized housing, or any other type of subsidy where we use Federal funds to help the

homebuilder. Public housing is close enough to socialized housing. When we say we are going to provide for the homebuilder par value for all the mortgages that he offers to FNMA, then we are giving him an advantage that the other conventional investment house and the purchaser of a house on a conventional loan basis does not enjoy.

Here is another effect this bill will have. At the present time the builder who sells a mortgage to FNMA must pay 2 percent of the mortgage in stock.

When we passed the bill in 1954 the purpose was to get ownership in FNMA into the hands of the public. That has gone on for some time. There are a great many stockholders in FNMA all over the country. They are not only obtaining a profit from the purchase of stock in FNMA, but it has become an item of consideration on the stock market.

This bill reduces the obligation to 1 percent. That penalizes the people who have already bought stock in FNMA.

Another thing this bill would do that we have not considered necessary heretofore in all of our legislation on housing, is to make FNMA a primary mortgage market source. It is a secondary mortgage market source and we are making it a primary market and pumping \$1 billion into the investment field, giving to a selected few—because it will only be a selected few who will profit from this—the advantage of par value for the mortgage it sells to FNMA, and denying that to the conventional loan.

There are many other features about this bill. This bill weakens the FHA because it grants authority to reduce the percentage of premium paid to one-quarter instead of one-half, which is now the law on FHA loans. In my opinion, this is the first step toward the possibility of federalized, socialized housing. I do not think we should take that step because the problems we face today in the shortage of housing starts have been caused largely by weather from which we have not yet recovered. In my opinion, if we should wait another 2 or 3 months we will be out of what the gentleman from Alabama [Mr. RAINS] claims is a recession, which claim I do not agree with. If we allow time to pass to a point where this activity will recover, we will not have to obligate the American public by \$1 billion to buy mortgages for a selected few homebuilders.

The CHAIRMAN. The time of the gentleman from California [Mr. McDONOUGH] has expired.

Mr. McDONOUGH. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. WIDNALL].

Mr. WIDNALL. Mr. Chairman, I, too, have a great deal of respect for my colleague, the chairman of the Special Subcommittee on Housing, the gentleman from Alabama [Mr. RAINS]. I have served with him since 1952 on that special committee and I know how earnestly he tries to provide for the housing needs of this country. I do not like to take a completely opposite stand to his on any bill because I do respect him so much. But I think this bill is completely uncalled for. There is nothing in the record to indicate any need for such legislation.

Before the Committee on Rules I characterized it as the most amazing piece of legislation that has come to my attention since I have served as a Member of the House, having come here in 1950. This bill is a bill that nobody wants, and just a few people seem to be in back of it. Whenever major legislation comes before the Housing Subcommittee, as a senior member of that committee I am normally flooded with appeals for the passage of that legislation. Those appeals come from special interest groups and they also come from the public at large. Up to the time that I appeared before the Committee on Rules I had not had a single request from anybody for the passage of a piece of legislation involving \$1 billion of the taxpayers' money. What I emphasized to the Committee on Rules and what I reemphasize again to the House is this.

Only recently members of the Building Trades Union came to my office in connection with legislation that they felt it was important to pass during the current session of the Congress. They believed this legislation was important to the members of unions and legislation important to all the American people. They spoke about the minimum wage, they spoke about "situation" picketing, they spoke about the extension of minimum wage coverage, but not one single word was said about a \$1 billion bill that, if you are to be persuaded by the arguments of the majority chairman, is wanted to keep the building trades people employed in the United States to the extent of 300,000 to 500,000.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. WIDNALL. I am pleased to yield to the gentleman from Missouri.

Mr. CURTIS of Missouri. I am interested in the gentleman's observation on the interest in the bill. I cannot refrain from remarking that the lack of attendance on the floor of the House during debate on this \$1 billion bill is a pretty good indication of the lack of interest in this legislation.

Mr. WIDNALL. I thank the gentleman for his comment. There are probably a few more people here on the floor of the House now on the Democratic side of the aisle than have corresponded with any Member of the House on that side with respect to this bill, other than the chairman of the Subcommittee on Housing.

There are several methods of measuring activity in the housing field. No one of these is all inclusive. Each serves some useful purpose but each also has its limitations. To arrive at a balanced judgment requires consideration of all of them.

One method of measurement to which reference is frequently made is the series known as private nonfarm housing starts. This series is compiled monthly and adjusted on a seasonal basis to arrive at an indicated annual rate of production of new housing units. It is arrived at by a sampling of building permits in about 7,000 local governmental jurisdictions. Adjustments are made for a time lag between issuance of permits and start of construction,

and for permits not used. The result is an estimate of units started in permit-issuing places. To this is added an estimate for nonpermit areas to arrive at a figure for private nonfarm housing starts. Adjustment is made for a seasonal factor and the result is then multiplied by 12 to arrive at the annual indicated rate of starts.

Now, let us see what has been happening to this series. In October 1959 the indicated annual rate of starts was 1,180,000 units. In November this increased to 1,210,000 units, and in December it moved to 1,330,000 units. At the time of the subcommittee hearings on this bill the very good December figures had just become available. Here is what the chairman of the Housing Subcommittee had to say:

Far too much is being made of the fact that the seasonally adjusted annual rate of housing construction rose during the month of December, the latest month for which statistics are available.

For January, the start level dropped back to 1,216,000 units and in February to 1,115,000 units.

Then the chairman of the Housing Subcommittee issued another press release in which he stated:

The February housing starts figure just released underscores the need for immediate mortgage credit legislation to shore up a sagging key industry.

I just do not go along with seeing no good in the good and only bad in the bad. I think we have to be a bit more consistent than that. March starts held steady at the February level of 1,115,000 units.

In making any comparison between figures, it is important that we consider how they are used. For instance, if you compare the indicated annual rate of starts of 1,148,700 units based on results for the first quarter of this year with those for the first quarter of 1959, you will find they are down 17.3 percent from the indicated annual rate of 1,290,000 units for the first quarter of 1959. Now that looks pretty bad. But the 1959 first quarter rate was the highest first quarter rate on record. Let us see what happens if we compare the first quarter rate for 1960 with the first quarter rates for other years.

Compared with 1958, the 1960 starts are up 20.8 percent.

With 1957, up 21.7 percent.

With 1956, up 0.9 percent.

With 1955, down 17 percent.

With 1954, up 3.1 percent.

With 1953, down 2.7 percent.

In other words, the 1960 performance is about average rather than the poor performance indicated by a comparison with just the 1959 record rate.

In the course of this debate, we will hear much of the impact of the declining starts on the employment situation and activity in the building materials field. Obviously a statistical series on building permits is a poor measure of the impact on employment and the materials industry. There is another series far better adapted for measuring such impact. This is the Department of Commerce tabulation on expenditures for new

construction. Dollar expenditures directly reflect payments for wages and materials. The seasonally adjusted annual rate of expenditure for new private nonfarm residential construction in the first quarter of 1959 was \$21.9 billion. For the first quarter of 1960, the rate was \$21.2 billion. That is a decline of only 3.2 percent. By no stretch of the imagination is that very modest decline cause for alarm over the plight of labor and material distributors in the home construction field.

Another measure of housing activity is the series on heavy construction contract awards. The Engineering News-Record, a McGraw-Hill publication, compiles a weekly record of heavy construction contracts awarded in 50 States. Only mass housing contracts are included in the series and these large housing project contracts currently account for about 25 percent of the total to date. For the first 16 weeks of this year; namely, for the period ending April 21, 1960, private mass housing construction shows a whopping big gain of 39 percent over the figures for the comparable period in 1959. For all types of heavy construction, the contract figures show a gain of 7 percent for the 1960 period over the 1959 period.

There is still a different way of appraising the position of housing. This is a practical approach. Just notice as you drive home to your districts the miles upon miles of new housing projects and even whole new communities under construction. There just is not gloom and doom in the housing industry. When I first came to Congress, I used to drive between cities and communities. Now when I come down from New Jersey, much of the way is through continuous urban development.

We have made tremendous progress in housing over the past 10 years and 1960 promises to be at least an average year. Even if you take the most unfavorable figures upon which to base your judgment, namely, housing starts, this is still true. Over the past 10 years, housing starts have averaged 1,159,100 units. The first quarter 1960 annual rate is 1,148,700 units. Personally, I think the production for the year as a whole will be above that level and I think the opinion of the experts that housing starts will total 1,200,000 units this year is a conservative estimate. I base that opinion on two things. Employment is at record levels and money markets have eased, making mortgage credit more readily available. In 1959, the Federal debt increased by \$7.9 billion. It represented a huge drain of funds from the private capital markets. In 1960, the prospects are that Federal Government financing, in place of draining funds from the private capital markets, will be returning funds to the private markets through a reduction of approximately \$2 billion in Federal debt. That is a net favorable shift in the impact of Government financing of almost \$10 billion. This bill in itself would require a billion dollars of Government expenditure for the purchase of mortgages. In other words, it would use up 50 percent of the prospective \$2 billion return flow of funds from

the Government market to the private capital market this year. Its principal effect would be to substitute Government financing for private financing in the home building industry. That would be fiscal folly in the name of a nonexistent emergency.

The savings picture seems to be improving. March was the first month since the end of 1958 with a monthly net savings inflow at mutual savings banks above the year-ago level, by 2 percent, and the net savings inflow at savings and loan associations—preliminary—was up 6 percent. In February, the net gain in total assets of life insurance companies was greater than a year ago by 6 percent.

At the same time, nonhousing capital demands are running below year-ago levels. Thus far in 1960, new capital issues and private placements of corporations are down by about 10 percent and State and local government issues by about 12 percent from the comparable period of a year ago. The magnitude of Treasury net borrowing and mortgage requirements have also been appreciably below 1959 levels.

In the mortgage market this has been reflected in February and March increases in the proportion of areas with adequate funds for FHA-insured loans as reported by FHA and VA for the standard sample areas and by FNMA for a group of identical areas. At the end of March, FHA and VA showed an adequate supply of such funds in 63-68 percent of the areas, while FNMA reports—for a greater number of areas, including smaller areas—showed an adequate supply in only 30 percent of the areas. With respect to funds for VA loans, an adequate supply was indicated by FHA and VA reports in 16-18 percent of the areas and by FNMA reports in 4 percent of the areas.

The Chicago, Fort Worth, and San Francisco regional offices of HHFA, all commented upon increased availability of mortgage loan funds at savings and loan associations, primarily for conventional loans.

Outstanding Federal home loan bank advances continued to decline, from \$1,628 million at the end of February to \$1,520 million at the end of March. During the first 3 weeks of April, three of the banks—Cincinnati, Des Moines, and Topeka—reduced their rates on secured short-term advances to 4¾ percent, from 5¼ percent in two instances and from 5 percent in the other. This makes a total of six home loan banks that have reduced their rates on advances in the past 2 months. During April, the Federal home loan banks redeemed the entire issue of \$247 million in 4.65 percent notes that came due. Another issue of \$240 million at 5½ percent becomes due on May 16.

In February and March, the 8-month increase in the private secondary market discounts on FHA-insured loans was reversed, although the reduction of discounts thus far has been very slight—from an average of 3.7 points to an average of 3.5 points. Nevertheless, the continued increase in availability of funds makes it likely that some funds would be available for FHA-insured

loans with lower downpayments than are now permissible. This would lend support to housing demand.

FHA APPLICATIONS AND VA APPRAISAL REQUESTS FOR NEW HOMES

On a per-workday basis, FHA new home applications increased 13 percent and VA new home appraisal requests decreased 13 percent from February to March. After seasonal adjustment, the FHA application volume showed a 2-percent decrease.

HOUSING STARTS

From February to March, the seasonally adjusted annual rate of private nonfarm housing starts remained unchanged at 1,115,000. If the unusual winter weather in February and March caused a greater than normal lag in the use of building permits issued in those 2 months, there may be some offsetting reduction in April building permits and, consequently, in the estimated seasonally adjusted annual rate of starts in April.

Of the total private starts in March, 23 percent were FHA, 6 percent VA, and 71 percent conventional. A year ago, when total private starts were 26 percent greater, the breakdown was 25 percent FHA, 8 percent VA, and 66 percent conventional.

In December and January, the latest 2 months for which figures are available, multifamily housing starts accounted for 19 percent of total private starts, compared with 15 and 16 percent, respectively, in October and November and with 20 percent in January 1959.

I would like to read to you at this time an important editorial from the New York Times of February 13, 1960:

NEW MORTGAGE BILL

A new housing bill introduced by Representative RAINS of Alabama, has been approved by a subcommittee of the House Banking Committee. This proposed measure would not only call for the pumping of an additional emergency \$1,050 million into the residential mortgage market under the special assistance program of the FNMA (Fanny May); it would at the same time alter beyond recognition the character of that secondary market for Government-insured residential mortgages.

Neither of the two implicit assumptions underlying the proposal to pump this huge additional sum into the market for residential mortgages will stand even superficial examination. One of them is that the economy is faced with an emergency that calls for such stimulants as this; the other is that the residential mortgage area is getting less than its fair share of the available supply of capital funds.

So far as the state of the economy is concerned, it is such as to indicate that the proposal to blow up mortgage demand artificially would not only be potentially inflationary on the demand side (for residential building has an exceptionally high multiplier effect on municipal and private spending) but it would lop off at a stroke nearly one-fourth the hoped-for surplus in the 1961 Federal budget. As to the lack of funds available for residential mortgages, this is true only if one believes that the Nation has a responsibility to maintain the supply of such funds at all times at a figure equal to or exceeding the recent previous high.

But more serious, perhaps, even than the provision for this huge sum itself are the terms on which it would be provided. For

a year after the enactment of this suggested legislation it would, among other things, direct the FNMA to purchase any kind of Government-underwritten mortgages so long as the title to the property was not in doubt; it would forbid the latter to dispose of any mortgage; it would prohibit it from paying less than par for any mortgage, and it would freeze the premium charge (which is now discretionary within a range of $\frac{1}{2}$ to 1 percent) to $\frac{1}{2}$ of 1 percent. (It is out of this premium that the reserve is created on which the Government Insurance is based.)

In short, Fanny May would be transformed overnight from a revolving fund designed to provide a secondary market for insured mortgages on time when other purchasers were not available to a priming market that would buy all mortgages offered at fixed prices, presumably above the true market price, and at the same time be prohibited from liquidating any mortgage presently held.

I have had some figures prepared addressed to, "Where is the emergency?" Incidentally, we on this side have been hit time and again by those on the other side of the aisle with the charge of using a Madison Avenue approach to politics. If ever there was a Madison Avenue approach to politics, it is with the slogan "Emergency Home Ownership Bill" that is being used on this bill when there is no emergency.

First. Number of private nonfarm housing starts on adjusted annual basis: First quarter 1959, 1,390,000 units—all-time high; first quarter 1960, 1,148,700 units; decrease 241,300 units, or down 17.3 percent. Average annual rate past 10 years, 1,159,100 units.

Second. Value of new private residential nonfarm construction on adjusted annual basis: First quarter 1959, \$21.9 billion; first quarter 1960, \$21.2 billion; decrease, \$0.7 billion, or down 3.2 percent.

Third. Value of total new private construction on adjusted annual basis: First quarter 1959, \$39.7 billion; first quarter 1960, \$40.4 billion; increase, \$0.7 billion, or up 1.8 percent.

Fourth. Value of gross private domestic investment, including producers durable equipment and change in business inventories, on adjusted annual basis: First quarter 1959, \$70 billion; first quarter 1960, \$77.5 billion; increase, \$7.5 billion, or up 10.7 percent.

Fifth. Average number employed: First quarter 1959, 63.1 million; first quarter 1960, 64.3 million; increase, 1.2 million, or up 1.9 percent.

Sixth. Average number of unemployed: First quarter 1959, 4.6 million; first quarter 1960, 4.1 million; decrease, 0.5 million, or down 10.9 percent.

Seventh. Percent unemployment on seasonally adjusted basis: First quarter 1959, 6 percent; first quarter 1960, 5.1 percent; decrease, 0.9 percentage point.

Eighth. Labor income on adjusted annual basis: First quarter 1959, \$260.6 billion; first quarter 1960, \$279 billion; increase, \$18.4 billion, or up 7.1 percent.

Ninth. Total personal income on adjusted annual basis: First quarter, 1959, \$371.8 billion; first quarter, 1960, \$393.1 billion; increase, \$21.3 billion, or up 5.8 percent.

Tenth. Gross national product on adjusted annual basis: First quarter, 1959,

\$470.4 billion; first quarter, 1960, \$498.0 billion; increase, \$27.6 billion, or up 5.9 percent.

Just where is this emergency? I certainly do not find it in our economy. But wait, here it is. I have one more set of figures. They deal with the public debt of the Federal Government. In March of 1959, it was \$282.2 billion. In March of 1960, it was \$287 billion or an increase of \$4.8 billion. My colleagues, that is where the emergency exists. That is an emergency we must do something about. We must get control of Government spending, and this bill is a good place to start. We have heard remarks that a projection was made of \$540 billion to \$550 billion as the gross national product this year. I never heard those figures mentioned by any economist who testified either before the Joint Economic Committee or before the House Committee on Banking and Currency or before the Subcommittee on Housing. We have been told, and the record will bear it out, that for the first time in our Nation's history the gross national product of the United States will be over \$500 billion. That does not sound like the situation that the apostles of gloom and defeat would have you believe, that the country is going to the dogs and that it is going down hill so fast that we have to pull all these emergency measures out of the slot and try to do something about it. I would be the first one to admit, as I am sure many others on our side of the aisle would be willing to admit, that if the country was in a recession or was pointed toward a major recession we would be the first ones to back this type of legislation. Many of us supported the legislation offered in 1958 which took effect in 1959. We felt at that time we were entering into a period of recession and it required some major attention. There is absolutely no comparison between the economic condition of this country today and the economic condition at the time we passed the other \$1 billion bill. I take issue with the statement that this costs nothing. It takes \$100 million or \$200 million or \$1 billion or whatever is spent out of the amount that will be authorized in this bill, out of our budgetary balance, the hard fought budget surplus that President Eisenhower has envisioned for the country this year. And there are other bills that are pending that would do the same. We are headed once again into deficit spending, inflationary measures that will push up costs and devalue pensions and cause serious hardship for millions of our people. Too much is dependent upon the leadership of the United States throughout the free world to treat our responsibility lightly. It is all very well that you want to be all things to all people and you want to provide some cheap housing for people. But, I challenge the statement and the claim that cheap housing is provided by this bill for low-income groups. As an example I cannot envision a person in the city of New York being helped by this legislation.

Mr. McDONOUGH. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. DERWINSKI].

Mr. DERWINSKI. Mr. Chairman, I hope it will not be necessary for me to use more than a few minutes of my time. I think it is rather obvious that regardless what we say this afternoon, our minds are completely made up and facts will not disturb anyone. I would like to quote, if I may, from a distinguished Member of the other body, the chairman of its Committee on Banking and Currency, the Senator from Virginia, who on January 13, 1960, had some rather interesting, and at this time I believe we could say pertinent, remarks about the housing issue. He said:

The most effective way, I think, for the Congress to reduce the ups and downs in housing aside from the elimination of the statutory interest rates on FHA and VA mortgages would be to balance the Federal budget. An unbalanced Federal budget means that the Treasury must go into the capital market and borrow billions of dollars, in competition with other users of money. The \$12 billion deficit of the fiscal year 1959 imposed on capital markets a drain which could not help but push interest rates up substantially.

I think it would be wise for you gentlemen who are going to jam through this inflationary housing bill to heed the words of wisdom of the Senator from Virginia.

In all of this discussion I am mindful of the fact that about 4 months ago, when we started discussing the Emergency Housing Act of 1960, we were told that the emergency was caused by a little thing called tight money. Four months later we find that tight money is no longer with us but supposedly the emergency is, but the plain matter of fact is that savings and investments by the people in this country have solved the problem of tight money and we do not need the injection of a billion dollars into the housing market. The natural flow of savings and investments solves the tight money situation.

Also I would like to point out that if we assume that the anticipated number of housing starts in 1960 constitute an emergency, then we have had an emergency in housing in 7 of the last 11 years. I understand this is the third emergency housing bill. Supposedly there were similar emergencies in 1949, 1951, 1952, 1953, 1956, and 1957, which were solved without an emergency housing bill. I think it is obvious to all of us that this legislation is purely political and completely unnecessary. I believe we are all aware that we are going to pass this uncalled for bill and if the other body passes it, the President will then veto it and then the taxpayers will have a sigh of relief because the spenders will have once again been defeated, and the country spared from the ill effects of this inflationary proposal.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield.

Mr. McDONOUGH. In your study of the bill and in the business in which you are engaged can you inform the Committee if there is any place where the homeowner is going to profit by this deal of selling mortgages to FNMA?

Mr. DERWINSKI. No. This bill will not help the home owner. That reminds

me of another matter, for which I thank the gentleman.

There is one additional point that I wanted to make. Earlier this afternoon the chairman of the Housing Subcommittee said his remarks were to be non-political. Actually, his remarks were political and failed to prove the need for this legislation. The charge was made that homebuilders were demanding this legislation. Representing the Chicago area, I have been unable to find any builders in the Chicago metropolitan area who are here demanding this legislation. As a matter of fact, at a recent national convention of the homebuilders, Chicago area and Midwest builders waged a tremendous battle in which they fought to stop the demand for artificial and inflationary use of funds from the U.S. Treasury. Certainly, if the majority of homebuilders, and the other segments of the housing industry and for that matter the home-buying public, are not asking for this legislation it would be an act of irresponsibility for the Congress to pass it. Regardless of the phoney title, this bill would aggravate rather than help the housing industry of this Nation. Home ownership for more Americans will continue to develop when we have less rather than more Government interference with the supply and demand and the desires of American families for a continued improvement in housing standards.

Mr. BROWN of Georgia. Mr. Chairman, I yield such time as he may desire to the gentleman from Texas [Mr. RUTHERFORD].

Mr. RUTHERFORD. Mr. Chairman, I would like to urge all of my colleagues to support the bill now before us. The need for this bill has long since been proved. Last fall the Subcommittee on Housing, of which I am proud to be a member, undertook two studies which demonstrated conclusively that the tight money policy was having a serious adverse impact on the homebuilding industry. The use of second mortgages and other questionable financing practices was becoming widespread and discounts on FHA and VA loans had become prohibitive in many areas of the country. The recent trend in housing starts confirms those findings. Once again residential construction is being choked off by high interest rates and a shortage of mortgage credit. Last month we were building new homes at an annual rate of only about 1.1 million units, down 20 percent from a year ago.

Mr. Chairman, I am at a complete loss to understand the administration's objections to this bill. One would expect that they would have taken the lead in requesting legislation of this nature. That would certainly be called for by the policy directive which the Congress included in the Housing Act of 1949. Mr. Chairman, I would like to remind my colleagues of what that policy statement said. For one thing, it calls for a level of housing production sufficient to "enable the housing industry to make its full contribution toward an economy of maximum employment, production, and purchasing power." Further on it calls for "the stabilization of the housing indus-

try at a high annual volume of residential construction."

Mr. Chairman, we have learned that we can disregard this statement of policy only at our peril. The dropoff in homebuilding activity was a major contributor to the severe recession of 1957 and 1958. By the same token, the rapid recovery in housing starts that followed the enactment of the Emergency Housing Act of 1958 deserves a good deal of credit for our recovery from that recession.

Now once again we have seen a sharp decline in residential construction along with weakness in other parts of the economy and a rise in unemployment to more than 4 million. I believe that even the administration would have to agree that a rise in homebuilding activity would be extremely desirable right now. I also believe that the approach taken in the bill now before us is the right one. I do not believe that the policy of wait-and-watch-and-hope is enough to cure the present slump in homebuilding. Furthermore, I absolutely reject the administration's contention that higher interest rates are the answer.

For 7 years now we have witnessed a steady rise in the cost of money. We are continually told that somehow higher interest rates combat inflation. The plain truth is that higher interest rates themselves are an important part of the high cost of living. Nowhere is this seen more clearly than in the case of housing. Let me take the case of a family who can afford to pay \$75 a month on a home loan. Back in 1952 when the GI interest rate was 4 percent this family could afford a mortgage of \$15,600. Today, because the interest rate has risen to 5½ percent that monthly payment will carry a loan of only \$13,500. As a matter of fact GI loans are simply not available in many areas of the country.

If this family tries to buy a home under FHA today they will find that that \$75 payment will now carry a mortgage of only \$12,000. This, to me, is the cruelest form of inflation because it means that lower income families are the first to be squeezed out of the market. In the example I have just cited, that family would have lost \$3,600 worth of house just so they can have the privilege of paying these higher interest rates, still in the name of fighting inflation.

Mr. Chairman, we could go on raising interest rates endlessly and the average homeowner will never be able to meet the competition in the money market. After all of these increases in interest rates we find that mortgage discounts are as high as ever. In my own State of Texas even the Federal National Mortgage Association charges a discount of 5½ percent on GI loans and in many States the discounts are even deeper. It is obvious that few builders can operate under these terms and the result has been a sharp drop in activity under the FHA and VA programs which supply the bulk of lower-priced new homes.

The demand for new housing is still extremely strong. The principal cause of fluctuations we have seen in hous-

ing starts has been changes in the flow of mortgage credit. Our main weapon to assure a continuing high flow of mortgage credit is the Federal National Mortgage Association, in particular its special assistance functions. Unfortunately, too many people, including the administration, have forgotten that the law directs the Association to buy mortgages as needed "as a means of retarding or stopping a decline in mortgage lending and homebuilding activities which threatens materially the stability of a high-level national economy." This is exactly the problem confronting the Nation today and this is exactly the purpose of this bill, especially in the provision of \$1 billion for FNMA purchases of FHA and GI loans on lower cost housing.

The decline in residential construction has a particular importance to my area, as it does in other growth areas around the country. In order for business and employment to expand in the newer sections of our Nation it is necessary first to provide adequate housing. When that cannot be provided at prices and mortgage terms within the reach of the average family we find that our growth is stifled.

The need for the Emergency Home Ownership Act is urgent on every point. It would provide a much needed stimulus to all sectors of the economy and would help put some of the more than 4 million jobless men and women back to work. It is needed to achieve the high and stable level of housing production called for in our national housing policy and required to meet the demands of population growth and shift and to replace slum units. It is needed to provide fair treatment for the home buying public and for the homebuilding industry who are the hardest hit by the present tight-money policy.

Mr. Chairman, I am confident that the great majority of this body recognizes the need for this bill and will vote accordingly.

Mr. McDONOUGH. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. COLLIER].

Mr. COLLIER. Mr. Chairman, unfortunately in dealing with this type of legislation charges of politics are always generated. If we did not have the bill on the floor at all the previous speaker from our side would not have made reference to political implications. There would be no political issues if we did not have the bill, and the bill should not even be on the floor.

Mr. BROWN of Georgia. Mr. Chairman, I yield myself such time as I may desire.

Mr. Chairman, I would like to speak briefly in support of the bill now before us, the Emergency Home Ownership Act. This bill was introduced on the first day of this session by my able colleague from Alabama, ALBERT RAINS. The need for it grows greater every day. As we all know, the annual rate of housing starts has dropped sharply. The number of homes started during the month of March, after adjustment for weather conditions and other seasonal influences, represented an annual rate of only about 1.1 million new homes,

according to the Government's figures. This is a 20 percent decline from the rate this time last year.

The cause of this decline is obvious. Tight money and high interest rates are once again stifling homebuilding activity. As we found in 1958, when a bill very similar to the one now before us sped through the House by voice vote, the use of FNMA special assistance can break the logjam in the money markets and quickly bring about a recovery in housing starts. This is just the action we need today. A reversal of the drop in housing starts would provide a much-needed stimulus to business and employment.

Mr. Chairman, experience has proved that homebuilding is highly vulnerable to tight money. One of our main weapons in the defense of residential construction against the tight money policy is the Federal National Mortgage Association. Let me remind my colleagues that in 1954, after careful deliberation, the Congress included in the statement of purpose governing FNMA that the Agency should use its special assistance program to retard or stop a decline in mortgage-lending and homebuilding activities which threatens materially the stability of a high level national economy. In order to carry out this responsibility FNMA needs the funds which would be provided by section 11 of this bill. This section would authorize FNMA to purchase up to \$1 billion worth of FHA and VA loans on low and moderate cost housing.

Mr. Chairman, I do not think we can emphasize enough that this fund does not represent grants or giveaway money. For each dollar of the \$1 billion to be expended under the bill the Government would acquire guaranteed and insured mortgages of equal value. Moreover, these mortgages would earn interest over their life and the Government will make a profit because the interest income will more than cover the cost of providing and servicing the loan. It is significant, Mr. Chairman, that in all its operations FNMA has earned a net income of \$367 million in its 21 years of existence after paying all of its expenses. In its special assistance operation alone, FNMA has earned \$34 million since 1954.

Mr. Chairman, the funds to be provided under this bill would bring maximum relief to areas where the mortgage credit shortage is hurting most. Under a provision of the bill, the FNMA would be required to channel the funds to those areas where mortgage credit is in short supply. Also, to assure an equitable distribution of the funds, the bill would require the Association to prevent an excessive share of the funds going to any one builder or lender.

Another provision of the bill which would help us gain the maximum benefit from the investment of special assistance funds would require the Agency for a period of 1 year to pay the full face value of any FHA-VA mortgage purchased. In other words, discounts would be eliminated. In addition, section 9 of the bill would set a ceiling of 1 percent of the unpaid principal amount of the mortgage for commitment and pur-

chase fees. At present there is no limit to how high these charges can go. Under its current regulations FNMA charges a total of 1½ percent. Moreover, the bill would limit the amount collected in advance to one-fourth of the total fees and charges in place of the current regulatory assessment of one-half of the total. This would be of considerable benefit to those builders who for one reason or another are unable to complete their projects and deliver the mortgages. Let me state again that these requirements on purchase price and limitation of fees and charges apply only to FNMA's special assistance operations which are designed to aid mortgages designated by the President or by the Congress as especially deserving of support. The provision for par purchase and the limit on fees will greatly reduce financing costs to the builder which means, Mr. Chairman, that the homebuyer will benefit by a lower price.

FNMA's regular secondary market operation will still have to play an important part in stabilizing and supporting the home mortgage market. This was the obvious purpose of this function when it was established by the Housing Act of 1954. To make certain that this purpose is clear, section 4 of the bill states explicitly that FNMA in its secondary market operations shall work toward the goal of aiding in the stabilization of the mortgage market.

To help carry out this purpose, the bill would reduce the stock purchase requirement for those using the secondary market operation to 1 percent for a period of 1 year. At present the law gives the agency discretion to set this requirement anywhere between 1 and 2 percent. FNMA has elected to maintain it at the maximum rate. To my mind this is entirely wrong. In view of the extreme discounts already charged by FNMA, a 2 percent stock purchase requirement can only be regarded as a measure designed to discourage the use of FNMA. In my State of Georgia, FNMA charges a discount of 5½ percent for GI loans and in many other States the discounts are even greater.

As a general rule VA appraisals assume a 10-percent profit margin for the builders so here we have FNMA saying to the builder, "Give us more than one-half of your normal profit and we will do business with you." On top of this discount FNMA requires the seller to buy capital stock equal to 2 percent of the amount of mortgages sold. We all know that few builders want to hold the stock or can afford to hold it. Normally the builder quickly sells it and when he does he finds that it is worth only about 50 cents on the dollar. As far as the builder is concerned this 50-percent loss on FNMA stock is just an additional cost of doing business with the Agency. In fact there is a bill in conference right now which would recognize this fact for tax purposes.

A provision of the bill which has widespread industry support is section 5 which directs FNMA to purchase any FHA or VA loan which is in good standing. This would end the Agency's practice of "second guessing" the FHA and VA on mortgages offered to it for sale.

If there is anything wrong with these mortgages that is the responsibility of the Agency which is insuring or guaranteeing FNMA against loss on the loan.

Mr. Chairman, I am proud of my record of steady support for the Federal National Mortgage Association. This Agency has proved its value in the years since it was created in 1938. Altogether FNMA has purchased FHA and VA loans amounting to \$9.2 billion; after deducting sales and repayments its present holdings amount to \$5.5 billion. In the colossal terms of mortgage lending these amounts are not particularly large. Its present holdings account for less than 5 percent of total home mortgage debt. However, FNMA's activities have played a key role over the years.

This is particularly true in the case of the GI home loan program. FNMA has been a vital factor in helping our veterans to receive the benefits provided by the Congress. For example, fully three-fourths of the mortgages purchased under the special assistance program provided by the Emergency Housing Act of 1958 were GI loans. This same assistance is needed today since tight money is effectively killing the GI program.

This bill would remedy that unfortunate situation and it would do it without one cent of cost to the Government. Mr. Chairman, I strongly urge all of my colleagues to cast their votes today in favor of reviving the GI program and the entire homebuilding industry. At the same time they will be voting in favor of spreading the benefits of homeownership and of giving the economy the boost which this bill would provide.

Mr. McDONOUGH. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. BETTS].

Mr. BETTS. Mr. Chairman, I would like to call attention to another angle of this subject which has not been touched upon as yet and also call attention to what was said by the National Association of Home Builders.

The National Association of Home Builders, which is a 43,000-member trade organization in the homebuilding field, does not endorse the billion dollar spending proposal in this bill. The testimony shows the association would support the bill only as a third choice alternative, if the funds were obtained through appropriations rather than back-door borrowing from the Treasury and if the mandatory par purchase requirement was eliminated. Those are two most important "ifs." But there is another bill which the association does endorse and which it is actively supporting because it believes the legislation is of vital importance to the homebuilding industry. That bill is H.R. 10590 which the Ways and Means Committee has reported and which would give the Treasury elbow room in financing long-term debt outside the 4¼-percent interest rate ceiling. Here is what that great organization said to its members in its Washington letter of April 1, 1960:

FOUR AND ONE-FOURTH PERCENT INTEREST ON LONG-TERM BONDS FAILS TO ATTRACT

Failure of investors to respond with enthusiasm to a Treasury offering of 25-year bonds at 4¼ percent has underscored the need for congressional approval of H.R.

10590, the subject of President Martin Bartling's special Washington letter of March 11.

The Treasury had hoped to sell a minimum of \$500 million worth of the bonds, and was prepared to handle sales of up to \$1.5 billion. Investors bought only \$370 million.

Treasury officials, headed by Secretary Robert B. Anderson, viewed the poor response as additional evidence that the 4½-percent ceiling on Government bonds maturing after 5 years must either be removed or modified. NAHB's leadership strongly concurs in this viewpoint.

"It is perfectly obvious that even in a period when money has eased that the 4½-percent rate is not attractive to long-term investors," Bartling said. "This test constitutes a fair warning that unless the ceiling is modified the Treasury will have no alternative other than to drain funds out of the short-term market to handle its refinancing of the public debt. This will hit homebuilding—and hit it hard."

Prior to the long-term bond test, the easing of money during the first quarter had established a psychological climate which had noticeably dimmed the prospects for any favorable action on H.R. 10590. What was being overlooked—or ignored—is the fundamental soundness of the proposition that the Treasury must have a greater degree of flexibility in the management of the public debt which now stands at \$287 billion. Debt management is not simply a Treasury problem; it is a national problem.

TREASURY WOULD BE GIVEN ELBOW ROOM

H.R. 10590 would permit the Treasury in any fiscal year to issue new bonds up to a total of 2 percent of the public debt at interest rates in excess of the 4½-percent ceiling. It also would permit some advance refunding. These provisions would give the Treasury badly needed elbow room in handling the debt. They would act to spread the debt out more evenly over a longer span. Now the Treasury is forced to concentrate virtually all of its financing activities in the short-term market. The Government's present position might be compared to the plight of a modest-income home buyer who had to buy a home over a 20-year period, but was required to refinance his mortgage every 90 days.

There is no assurance—in fact, the evidence is to the contrary—that the softening of the money markets will continue throughout the year. Moreover, under anticipated future conditions, there is no assurance that the Treasury will not again attempt another short-term issue similar to the Magic 5's, which hit savings institutions so hard last year.

If the Treasury is not permitted to do some substantial refinancing in the long-term sector of the market, the situation is bound to worsen. During the 1960's, \$80 billion of securities will come due. The real test will come in the last 6 months of the year, including a peak on August 15, when a \$9.6 billion issue comes due, and again on November 15, when \$10.8 billion in bonds and certificates come due. These peaks will hit at times when the needs of business for funds will be at high levels.

Unless Congress approves H.R. 10590—and your continued support for this measure is urgently required—there may be trouble in the fall.

As to the present state of the money market, NAHB has received scattered reports of slight easing in the availability of mortgage funds, although it is still impossible to obtain an accurate measurement. Advance commitments are probably loosening, and the problem of qualifying buyers is somewhat less acute in many areas.

Mr. CLEM MILLER. Mr. Chairman, will the gentleman yield?

Mr. BETTS. I yield.

Mr. CLEM MILLER. Am I to understand then that absent action on the legislation to which the gentleman has just been referring, NAHB would support the Emergency Home Ownership Act; is that correct?

Mr. BETTS. I am not saying that.

Mr. CLEM MILLER. I thought the gentleman just said that the National Association of Home Builders said that as a third alternative it would adopt this bill; and it seems to me we are at that third point.

Mr. BETTS. But we still have the back-door Treasury approach which they object to.

Mr. CLEM MILLER. Will the gentleman say unequivocally that the homebuilders are opposed to this bill as it stands?

Mr. BETTS. I am only saying that they are an organization which I think have an important part in homebuilding. I am quoting from a letter which I think is pertinent and which I think they deserve to have put in the RECORD.

Mr. CLEM MILLER. But according to the proceedings of their convention they definitely went on record in favor of this bill; is that not correct?

Mr. BETTS. I am saying only what the letter says, and I think they are entitled to have it in the RECORD.

Mr. CLEM MILLER. I thank the gentleman.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. BETTS. I yield.

Mr. McDONOUGH. I think the point that the gentleman from Ohio made in the letter was that some builders would support the present bill providing it did not provide for par purchase of FNMA; in other words, \$1 billion for additional purchase of mortgages but not at par. And also, the back-door approach, which would kill the present bill.

Mr. BETTS. Mr. Chairman, I am informed the other great trade associations interested in homebuilding—namely, the National Association of Real Estate Boards, the U.S. Savings & Loan League, the National Association of Mutual Savings Banks, the Mortgage Bankers Association of America, the American Bankers Association, and the National Retail Lumber Dealers Association—unanimously oppose this so-called emergency housing bill but unanimously support giving the Treasury relief from the 4½-percent straitjacket ceiling on long-term financing. If the Congress really wants to do something to help the housing industry it seems to me we are working on the wrong bill. The Congress should vote down this so-called emergency housing bill which the housing industry does not want and in its place get busy and pass the interest rate ceiling bill which the housing industry does want to prevent the drain of mortgage funds from savings institutions.

Mr. McDONOUGH. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. FINO].

Mr. FINO. Mr. Chairman, while some of the perennial enemies of Government housing programs would want us to believe otherwise, we have yet to win the battle to provide American families with

decent, safe, sanitary housing. Instead, the need for a continuous flow of funds into the home mortgage market remains at the top of the list of stabilization measures. For this reason, we must continue to supplement and support the private capital markets which have been assisting the building industry. The Emergency Home Ownership Act of 1960 has as its primary objective the encouragement of mortgage lending. It, therefore, becomes imperative that we, in Congress, strive for the successful passage of this important housing legislation.

My home city of New York has been among the cities which are in the forefront of the fight to improve the living conditions of urban families. In spite of all the State, Federal, and municipal housing programs and the sometimes heroic efforts of the homebuilding industry—more than 200,000 substandard housing units still remain in the city's housing inventory; and another 100,000 dwelling units are grossly overcrowded. Only through a miracle of miracles could the children living in such an environment emerge as mentally adjusted, physically sound individuals.

I would like to bring to the attention of the Members of this House an article that appeared in the New York World Telegram under date of April 21, 1960. It was in connection with a dinner held in New York. The caption of the article is "Loan Outlook Still Bad, MBA Group Hears." MBA stands for Mortgage Bankers Association of New York. It says:

Homebuilding in the metropolitan area and throughout the State has declined sharply because of the inability of builders to obtain mortgage financing in the present tight money market, members of the Mortgage Bankers Association of New York were told at their April dinner meeting in the Hotel Biltmore last night. "Despite the headlines that loan funds are easing, the outlook is not good and is not likely to get better," asserts Alexander Paulsen, board chairman of the Long Island Home Builders Institute and vice president, General Builders Corp. "Builders today can't get commitments for building loans and permanent mortgages in the volume and at terms we and our home buyers need."

Jack Friedland, Staten Island builder and president of the New York State Home Builders Association, noted that the mortgage crisis extends throughout most areas of New York State. Mr. Friedland said that just within 2 weeks the State Savings Banks Association had tried to remedy the situation by having local savings banks send \$1 million into Westchester and another \$1 million to Buffalo to cover needed home mortgages.

The New York City housing situation is but a miniature of the state of the national housing panorama. The 1956 national housing inventory revealed that there are almost 4 million dwelling units in this country which are seriously deficient in some respects; another 2.8 million do not have running water and 4.7 million lack private plumbing facilities. That such misery and filth should exist in this most economically and socially progressive Nation of the world is beyond comprehension. It is conclusive proof that the battle for improved housing is really just beginning, for not only

must we increase the amount of housing under the pressure of population growth and mobility but we must also strive to upgrade the condition of the existing supply of housing.

A profitable, progressive business enterprise constantly seeks to protect its investment—this is the key to its remaining "profitable" and "progressive." Numbered among this country's assets are more than \$250 billion in nonfarm residential wealth. This is for structures only; the value of land is not included in this sum. The physical plant which comprises our residential structures is an investment which warrants a high level of protection, through rehabilitation and the replacement of obsolescent structures; by stepping up the capacity of the housing machinery to provide for increased needs, and by furnishing the necessary tools for proper maintenance. This is as vital to the Nation's economic growth and stability as the proper maintenance of the capital equipment of a business enterprise.

The accumulation of residential wealth of such magnitude could not have been achieved by private industry alone. The National Housing Act of 1934 undergirded the home mortgage market by developing a standard mortgage instrument, promoting uniformity in mortgage transactions and encouraging home ownership through measures designed to impart a degree of liquidity to mortgage market funds. The contributions of the agencies operating under this historic legislation are legion. I do not have to reiterate them here. The programs administered by these agencies continue to be important to the limited-income home buyer, to the lending institutions and the homebuilding industry.

The housing bill now pending before us will help to ease the flow of mortgage funds, thereby preventing a sharper decline in homebuilding activity and accommodating those families who wish to exercise the right to reside in a home of their own. It will not increase the taxpayer's bill. Nor does it provide for any further encroachment by the Government into what is essentially the responsibility of private enterprise. Instead, it will assist the homebuilders of America to continue to provide improved housing.

In the late 1940's when Senators Taft, Wagner, and Ellender fought so diligently and unselfishly to provide a legislative vehicle for housing and community improvement, the need was great, and it was urgent. In the decade just passed, in spite of the efforts of the Congress, civic leaders, Government officials, the construction industry and lending sources, we have succeeded in the elimination of only one-fourth of the dilapidated housing which existed in 1950. While housing starts have averaged in excess of 1.2 million units annually, it has been estimated that at this level of new construction we will not be able to eliminate our backlog of substandard housing by 1970—ten years hence. Therefore, today—1960—the need for housing programs continues to be urgent.

In the face of a generally high standard of living and a national product

which increases with each passing year, we cannot afford to neglect so important an asset as our residential structures and their environment. The billion dollar fund to purchase FHA and GI home mortgages envisioned by this emergency measure would be a worthwhile investment in the future. The economic and social returns from such an investment will more than repay the advance of this sum. I urge the Members of this House to support this important bill which will benefit so many of our citizens by not only increasing job opportunities but creating decent and suitable living conditions for our American families.

Mr. SANTANGELO. Mr. Chairman, will the gentleman yield?

Mr. FINO. I yield to the gentleman from New York.

Mr. SANTANGELO. The gentleman from New Jersey stated in his remarks regarding this bill that no one from the city of New York would be aided by the provisions of the bill. Can the gentleman state from his experience on this committee, as well as from his experience living in the city of New York, as I do, that the people who are trying to build in the so-called suburban areas of New York City, such as Queens, the Bronx, and Staten Island, and those who are going into Westchester County and New Jersey because of lack of decent housing in New York City, find they cannot buy a home because the money is not available in a mortgage market, and that the builders are having difficulty building because they cannot get mortgages for the homes for these people from New York City?

Mr. FINO. The gentleman has stated the facts correctly.

Mr. SANTANGELO. So that when the gentleman stated this would not help the citizens of New York City he was in error?

Mr. FINO. Yes; the gentleman from New Jersey is not entirely correct in his remarks.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. FINO. I yield to the gentleman from California.

Mr. McDONOUGH. Does the gentleman believe the land can be purchased and a home built thereon for \$13,500 in his area?

Mr. FINO. We are not talking about a \$13,500 home.

Mr. McDONOUGH. You are talking about New York City.

Mr. FINO. The gentleman asked me a question. Allow me to answer it. When we are talking about \$13,500 and \$14,500 we are talking about mortgage money and not the entire price of a loan.

Mr. McDONOUGH. That is right.

Mr. FINO. We can build homes in New York City for \$16,000 and \$17,000.

Mr. McDONOUGH. Then the down payment would have to be the difference between the cost of the house and \$14,500 in the high cost area.

Mr. FINO. Exactly.

Mr. McDONOUGH. So when someone buys that high-cost house for \$17,000 you are not catering to the low wage earner. The purchaser has to make a

\$3,000 downpayment on a \$17,000 house in order for the builder to have the advantage of selling the mortgage to Fannie Mae. How do you reconcile that?

Mr. FINO. If we have this legislation on our statute books, the benefits from it would flow into the tight money market and help ease the present situation by making more mortgage funds available.

Mr. McDONOUGH. That is an assumption. That is all a presumption.

Mr. FINO. Additional funds would be available and there would be enough funds for those purposes which you have mentioned.

Mr. McDONOUGH. Mr. Chairman, will the gentleman yield?

Mr. FINO. I yield.

Mr. McDONOUGH. In the last billion dollar Fannie Mae special assistance fund that was voted in 1958, the entire State of New York got 104 houses and most of them were in low-cost areas and not out on Long Island or other higher priced areas.

Mr. FINO. I appreciate the gentleman's concern for New York State, but our concern and interest should also be national.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. BROWN of Georgia. Mr. Chairman, I yield such time as she may require to the gentlewoman from Michigan [Mrs. GRIFFITHS].

Mrs. GRIFFITHS. Mr. Chairman, I would like to point out that as a member of the Housing Subcommittee of the Committee on Banking and Currency, I am more than for this bill. The State of Michigan has been the third fastest growing State in the past decade. Detroit has had the most rapid industrial expansion of any city in America during the past 6 months. Yet, the Detroit metropolitan area exceeds the national average in dropoffs in housing starts. It is not necessary to point out that America can afford housing.

Secondly, I think it is a good thing to point out that those people who are suffering in the building trades and in the building industry from lack of housing starts are facing a far greater problem than those people who share in a general depression. People who are out of work during the time of high employment and rising prices in areas face unusual difficulties. America can afford this bill.

I might point out further that while this may affect the budget of the United States, there is no debt service charge to be carried in this bill.

I urge that all members of the Committee support the bill and that it be passed and made the law of this Nation.

Mr. McDONOUGH. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN of Michigan. Mr. Chairman, it is unpleasant to be forced to disagree with my delightful colleague from Detroit [Mrs. GRIFFITHS], who just addressed us, and for whose views I have the utmost respect, but it is also very difficult, in fact, impossible, to understand the need for this bill. Yesterday and today the majority leader Mr. McCORMACK made his usual speech, the one that he

makes when legislation of this kind comes up. I gathered the impression that Republicans are all living in the dark ages. That is the way they prefer to live. They are all back numbers. They do not know what is going on in the world. He seems to follow the Hopkins theory. Tax and spend and so win the votes of the thoughtless—the support of those who would redistribute the wealth of our people—take from those who have worked and earned and saved and give to those who have spent as they lived—saved not at all for the day to come.

I would like to have you read this little letter from a young man who writes he does know what is going on. He writes:

APRIL 23, 1960.

My letter concerns itself in its entirety with the controversial H.R. 4700 or the Forand bill. As you must have already realized the new generation which will within a short time, control tomorrow's Government is better informed, better educated than ever before. There is relatively little happening in our Government today of which the people of today are unaware when compared with a decade or two ago. South Korea is a good example of the awakening of a sleeping giant, public opinion.

The Forand bill is one of the so-called hurdles which demonstrate to the public where their Representatives actually stand. Our Government is of the people, by the people, and for the people, and is existent therefore to serve the people. It should, therefore, be your duty to aid with the passing of the Forand bill and challenge the opposing selfish, well-financed minority blocking the bill due to conflicting interests. I would very much like to hear of your support and aid with a discharge petition to get H.R. 4700 out of the Ways and Means Committee. When it is time to go to the polls I shall vote for a candidate which supports the average individual and sincerely hope that you shall be one of those I shall have in mind.

I know of no more delightful procedure than that of being generous and helpful, especially if you are giving away someone else's money. How eager we are to help the other fellow around election time with the tax dollars of the other man's earnings.

That is what most of the measures supported by our Democrat colleagues favor—again Harry Hopkins—tax-spend brings the votes.

We are told—at least that is the impression I get—that the home folks do not have any money to buy homes, homes cost too much. Why—because of the giveaway policy of the majority party. I just read that the electricians are getting \$6 an hour. That, and the ever-rising cost, may have something to do with the inability to buy a home.

Then, as you listen to that sort of an argument and as our office found in the last week it is impossible to get a hotel reservation here in Washington for a constituent, you wonder just where this scarcity of money exists. People have money to come to Washington. Today's paper says 400,000 are here. Did not the press tell us a week ago Sunday that 8,000-plus people were waiting in line to go through the White House? It costs money to come to Washington. It costs dollars to visit here. In truth and in fact it is not a

scarcity of money at all which prevents the purchase of a home. It is the high cost—in turn the result—of the so-called liberal policy of buying when payment is not possible. It is the inclination of the people to buy something they want instead of something they need. Read the press. Look around Detroit. Look on the streets and the highways. There is money to buy autos. Talk about unemployment. They are making more cars in Detroit than ever before. There are so many almost everywhere that there is no place to put them; scarcely room on the highways to drive them in safety.

It is not a scarcity of money that creates an emergency if there be one. It is the cost of building. Why are homes so high? Because all during the last few years the cost of building has been going up and up. They have pushed the cost of a home beyond the reach of the average man. Oh, yes, say the liberals—wages must go higher—and they do, but unfortunately the higher wage buys no more; sometimes less. In times gone by one was able to buy 40 acres of land for what an automobile costs now. You could make a living on that land. No longer is that true.

In my opinion, it is not a matter of a lack of money. It is a lack of judgment in spending. It is the direct result of the so-called liberal policy of those who tax one to give to another. If money is needed for homes it is the determination to have our own way, buy beyond our means and pile up the national debt; leave the bill, the cost both private and public, to some future generation to liquidate. A selfish unfair policy—but one which gets votes. If that is not selfish I do not know what selfishness is. We cannot go on endlessly increasing wages. Adding to the cost of everything. Being able to buy no more with the higher wage. Think of the case of the old person who has a home, a good home, but is physically handicapped and has to have someone about 30 hours a week. Do you know what it costs? Fifty dollars for less than 30 hours work. Where is the older person, unable to work, to get the money? Savings exhausted, earning capacity exhausted.

What we need is a little wise planning. What we need is what the late Senator Wadsworth, who served here for so long in this House after serving in the Senate, you remember, what Senator Wadsworth said: A little work, a little thrift, and a little thought for the future. Sound doctrine then, sound today.

Where is this going to end? With a real depression and then a sad and cruel retrenchment. My correspondent referred to the Forand bill. That means more billions, how much no one knows, if we keep on, how much and from what source will it all come?

Mr. BROWN of Georgia. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. CLEM MILLER].

Mr. CLEM MILLER. Mr. Chairman, there have been remarks on the floor about the National Association of Home Builders supporting this bill only as a

third alternative. Presuming that to be the case, it seems to me we have reached the third alternative. But let the record show that the National Association of Home Builders went on record at their convention in favor of this legislation. The board of directors subsequently apparently reversed the position of the convention. They speak of "back-door spending." Homebuilders should know you need a back door as much or more than a front door. This is a methodology of Congress, and what are the homebuilders doing in this dispute at all? I think it is about time the National Association put its money on the line and decided who its friends were.

The gentleman from California [Mr. McDONOUGH] has said this afternoon that this bill will benefit builders. I hope the National Association will pay careful attention to this because he is opposed to the bill. He said that the people who are not going to benefit are the consumers. We will see about that in a moment.

What are the facts? It seems to me that when we get down to the question of need or no need we should go to the record, to the hearings, and not charge politics. I do not know what is being said elsewhere, but I do know the witnesses from California who came before our committee said there was need. I am not weeping any crocodile tears for California, but we do give up large amounts of money. That money flows into the eastern money market in savings and insurance, and only a trickle comes back. The fact is that in California we need money for housing, and we need an easing of the money market. I do not see how any colleague from California, regardless of what has been said here, can stand on the floor of this House and oppose the need for help in housing. There is ample evidence in this record that I am holding here.

The gentleman from New Jersey [Mr. WIDNALL] was present at the time the witnesses from California appeared, the gentlewoman from Michigan [Mrs. GRIFFITHS] was there at the time. There is ample testimony in this record, and it is a most convincing case beginning at page 206 of the hearings. Let me quote just a typical example:

Here is what Dan Schwartz has to say:

Now, coming to another situation which is becoming more and more prevalent in the State, the last figures showing that 80 percent of the homes produced in southern California were conventional with second mortgages, and 60 percent of the homes in our area were produced with conventional, with second mortgages.

In this situation we have a 7.2-percent first mortgage for a term of 25 years, on top of that being an 8-percent second mortgage with a 7-year due date, which is the average situation, with payments at 1 percent per month.

Again the discount for this type of mortgage is 6 percent, or \$762. However, the monthly payments are \$158. The \$158 comprises the approximately \$90 on the first mortgage, 1 percent of the \$3,300 second mortgage, or \$33, plus an average of \$35 for taxes and insurances, and, of course, the big danger here is that come the end of the 7 years lightning strikes.

Mr. MILLER. Would you amplify on that?

Mr. SCHWARTZ. At the end of 7 years the buyer is going to have to face a fantastic problem. His 1 percent a month didn't begin to pay off the \$3,300 second mortgage over the 7-year period, so as of the end of the seventh year he finds he has to make a payment of \$1,750 on the house that he got into with no downpayment, and this, gentlemen, we feel is a growing and very serious situation, and why has this come about?

It has come about because builders such as myself and others up and down the State have been unable to finance GI and FHA, the money not being available. We have had to resort to a conventional program, doing a tremendous injustice to the people of the State of California, knowing that at the end of this seventh year there is going to be a big problem.

Where was the opposition to this testimony? There was not any. Where was the challenge to this fine testimony from Dan Schwartz and the other Californians? It seems to me that if we are going to speak here in opposition to this bill from California, there should be some indication of it—the record. And there is none.

Mr. WIDNALL. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Chairman, I usually do not vote against a rule. In fact, I have been trying to think when I last voted against a rule. However, I did vote against the rule on this bill, and I might say that the attendance during debate on this issue has tended to confirm my vote because there does not seem to be any interest in this bill.

Mr. SANTANGELO. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Mr. SANTANGELO. Mr. Chairman, I withdraw the point of order.

Mr. GRIFFIN. Mr. Chairman, I make the point of order a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Seventy-eight Members are present, not a quorum.

The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 57]

Alexander	Garmatz	Morrison
Anderson,	Gary	Nix
Mont.	Gavin	O'Hara, Mich.
Arends	Granahan	Pelly
Bailey	Grant	Pilcher
Baker	Gray	Pillion
Barden	Halleck	Porter
Barrett	Hargis	Powell
Bentley	Harmon	Rabaut
Bolling	Hollifield	Riehlman
Bonner	Irwin	Roberts
Boykin	Jackson	Rogers, Tex.
Buckley	Jones, Ala.	Rooney
Burleson	Kearns	Saund
Canfield	Keogh	Sheppard
Celler	Kilburn	Short
Chelf	Kilday	Smith, Kans.
Chipfield	Lafore	Springer
Clark	McGinley	Sullivan
Cooley	McIntire	Taylor
Dawson	McMillan	Teague, Tex.
Delaney	McSweeney	Thompson, La.
Devine	Magnuson	Walter
Dooley	Martin	Whitten
Dowdy	Moeller	Withrow
Durham	Montoya	Wright
Fallon	Morgan	Young
Frazier	Morris, N. Mex.	

Accordingly, the Committee rose; and the Speaker having resumed the chair,

Mr. FORAND, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 10213, and finding itself without a quorum, he had directed the roll to be called, when 348 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from Missouri [Mr. CURTIS] is recognized.

Mr. CURTIS of Missouri. Mr. Chairman, at the time of the quorum call I was commenting on the rule and the reason I felt the rule should have been voted down.

I want to refer to the fact that this is entitled "Emergency Home Ownership Act" and is predicated upon the assumption that there is an emergency. I think it is also pertinent to point out, in the light of the way the debate was going, with the emphasis on need for this housing, the fact that in the preamble to the bill there is no mention at all of need for housing. As a matter of fact, there is a very interesting economic theory embodied in the preamble of this bill. It is a new theory that has just been advanced, primarily in the past year or two, by Mr. Keyserling and Mr. Galbraith and some of the economists of the Americans for Democratic Action. The theory is that we have to have Federal spending if we are going to maintain a prosperous economy. Incidentally, it is an economic theory that I am completely opposed to. I think it is erroneous. I would say it is directly contrary to the concept of the private enterprise system, but it is a subject worthy of debate.

But read the preamble along with me. What is this housing bill supposed to do? First, to halt a serious slump in residential construction. That says nothing about the need of homes, the need for cheap and adequate housing for our people. It refers to the economic welfare of a segment of our economy, the homebuilders. That has been the argument, that we need to do something about this particular industry.

Second, to increase both onsite and offsite job opportunities. This has to do with employment.

Third, to help achieve an expanding full employment economy.

That is practically Mr. Keyserling's theory. You have to spend Federal money whether in the housing field or whatever field. The whole theory is that this economy cannot maintain maximum employment, maintain price stability and have economic growth unless we are spending Federal money at a certain level, regardless of need. So need, indeed, has very little to do with this bill.

Now we come to the fourth reason in the preamble of the bill. At last we get around to human beings: To broaden home ownership opportunities to the American people; and, of course, I question whether it will do any of these things, particularly the last. But now to get around to the bill.

One of the interesting developments here has been the arguments of the proponents of this legislation that the difficulty in the housing industry results from high interest rates. I wonder how many Members of the House paid attention to the Joint Economic Committee hearings and the papers and discussions of the various economists in this country on the subject of the interest rate ceiling, the ceiling of 4¼ percent, on long-term bonds, and the arguments of people like myself who took the floor and warned this House as economists have been warning the country of the damage that was going to result from not taking that ceiling off? We were and are not saving anything on the interest rates by leaving the ceiling on, because there is no ceiling on short-term Government financing, but we have been imposing the ceiling on long-term financing. That has forced the Federal Government to do its refinancing and new financing in the short-term money field; and as we tried to point out, one of the great industries that provides short-term money financing is the savings and loan institutions. When the Treasury Department issued the "fabulous fives" it took considerable sums directly into Government securities away from these institutions to which people building homes would go for their borrowing. The very warning that those who blindly hampered sound debt management were given is now coming true. People are paying high interest rates.

What has created this particular situation? Because it is not just homeowners I might state who are damaged by this forcing the Federal Government into the short-term investment field all of our consumers who want to buy washing machines and durable consumer goods must go into the short-term field where the Government has already been forced to move.

There is only one way to solve this high interest rate and this shortage of investment money. There are two ways, really. One is to decrease the demand, which I do not think we want to do. If the demand is from our private sector we do not want to decrease the demand of people for homes and for the good things of life. But one thing we can do to decrease the demand I might say is to decrease the demand of the Federal Government for this money by reducing, certainly not increasing, the Federal debt.

The other way in which we could solve the short-term problem, the other area in which we could do something about this tight money, of course, is increased personal savings, and I am very hopeful that in the long run that is exactly what will solve this problem.

Tight money is not created by Government action; Government inaction, Government mishandling of fiscal and monetary affairs, of course, can contribute to the problem; but, clearly, tight money is related to the demand for money in relation to the supply of money.

Those who want to hearken back to the days of Mr. Truman will remember exactly what happened at that time. The Federal Reserve was pegging the

Government bond market. It was under Mr. Truman and his administration that the Federal Reserve-Treasury accord was reached. Pegging the bond market was the very process that brought about inflation which cut the purchasing power of the dollar in half. The Assistant Secretary of the Treasury, Mr. William Martin, who was under Mr. Truman, a Democrat, who is now incidentally head of the Federal Reserve Board, was the one who worked out this accord to eliminate this policy to peg the Government bond market by Federal Reserve purchases in order to control this inflation.

Now, we have heard all of this plea for the little man from those on the other side of the aisle speaking in behalf of this bill. Let me say that the thing which hurts the little man the most is inflation because every dollar that the little man has goes for consumption and inflation hits every consuming dollar. The man who has a higher income can divert some of his dollars into investments and thereby ride the impact of inflation. It is the little man, the man who has to use all of his dollars for consumption, who is hurt the most by inflation. And, Mr. Chairman, that is the reason we are not having the Federal Reserve System peg the bond market, that is the reason it is better to have the economic laws of this country react so that we can actually see what is the demand for investment dollars and what is the supply and relate the two together. If we have tight money, let us recognize it is due to the great demand for that money. This is somewhat encouraging, but we can never get ahead of the amount of savings that our people are willing to accumulate in order to finance our future growth. It comes back fundamentally to the savings of our people.

My concluding remarks relate to the welfare of our economy. I was amazed to hear the chairman of the committee make remarks of gloom and doom in light of the record.

The Joint Economic Committee held hearings during the month of January and February on the President's economic report and there was not an economist who came before us who did not agree that the year 1960 is going to be the most prosperous in our history. There was no estimate of \$550 billion of gross national product, as I have heard some people say on the floor. The administration, I think, predicted \$510 billion, and the economists said they were being conservative, that it probably would go to \$520 billion.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. McDONOUGH. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. CURTIS of Missouri. Mr. Chairman, they said that the economy would run to around \$510 billion. There is a good indication we will reach that figure. The best indicator, of course, we have of economic welfare is the gross national product. Everyone has the Economic Indicators for April 1960, and if they will

turn to page 2 they will see that for the first quarter of 1960 our gross national product is at the rate of \$498 billion. That relates to the \$479 billion of 1959, it relates to the \$470 billion of the first quarter of 1959. Indeed, it shows exactly this prosperity for 1960 coming along. I notice a complete and apparently unawareness of this most unusual weather we had in the month of March, which, of course, had a momentary impact on any economy. But we are coming out of that.

Referring to other economic indicators that are also contained in the joint Economic Indicators, almost without exception every economic indicator shows that this year, 1960, is going to be a prosperous year, that we have a fundamentally sound economy and a growing economy. So much for these prophets of doom and gloom who on the slightest fluctuation in any economic indicator want to come down here and make wild statements. They may think it is good for political reasons, but I think it is rather foolish because if the prognostication does not turn out to be accurate, just look at where you are going to be. Every economist I have heard and read about even in recent weeks I may say reaffirms the fact that this year is going to be a prosperous year. It is not going to be a great boom year, but very few of us indicated or said we were going to have a great boom year. We said it would be the most prosperous year in the history of the United States, as, indeed, it is.

Mr. Chairman, how ridiculous it is to bring a so-called emergency bill on the floor of the House under this kind of economic climate.

Mr. BROWN of Georgia. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, the distinguished gentleman from Missouri [Mr. CURTIS], who has just addressed the House has made some extremely interesting remarks concerning the cause of high interest and concerning the low interest policy of the previous Democratic administrations. I desire to address my remarks to these subjects, particularly.

Interest rates have gone so high under this administration, we are told, only because we are in a period of a most unusual and perhaps an unprecedented demand for money. We are in a great business boom, or at least a promise of one, and there is tremendous demand for funds on all sides.

I would invite the Members' attention to the situation which prevailed first, during World War II; and, second, in the post-World War II years.

From the beginning of the war in Europe on September 1, 1939, until at least 1951, our Nation experienced a very trying time, to put it mildly. The stresses and crises the Nation met were enough to test the economy of any nation.

During the World War II years we were spending a quarter of a billion dollars a day on the battlefield. We were shooting it away. The amount of money that had to be borrowed in that

period was unprecedented in the history of our Nation, and the history of any nation. Not only did this unprecedented demand for Government borrowing have to be met, but industry had to borrow unprecedented sums to build the plants to produce the war goods—the ships, the airplanes, the munitions, the textiles—everything conceivable.

Yet at no time in this period did the Federal Government pay a rate of more than 2½ percent on its long-term bonds; and never did the market yield on Government bonds rise above 2½ percent.

In the post-World War II years there was a tremendous demand for funds that well could have strained and broken our monetary system. There was a great backlog of demand from the period when half of the Nation's production had gone into the war effort, and ordinary people all across the country had large amounts of liquid assets with which to buy the goods they wanted to buy and had postponed buying. Production capacity was inadequate in almost all lines, and an unprecedented expansion of business facilities had to be financed.

Yet through these postwar years, up until March 3, of 1951, the date of the so-called Federal Reserve-Treasury accord, the price of Government bonds never dropped below par. The market yield never went above 2½ percent, and at most times the market yield was substantially below 2½ percent.

Was the rate fixed? Yes; it was pegged. It was the duty of the Federal Reserve to peg them. It was then the duty of the Federal Reserve to help all the people and not just the bankers and the wealthy families. The Federal Reserve was then doing its duty. Today it is not doing its duty. It is a Government agency serving the special interests of the few—not the welfare of the whole country.

Mr. CURTIS of Missouri. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Just a moment, please.

Mr. CURTIS of Missouri. I just want to ask a question. Were there not price and wage controls about that time, and what about the situation when they were removed?

Mr. PATMAN. I hope the gentleman from California [Mr. McDONOUGH] will give me 4 or 5 minutes to answer that question. I have only a limited time.

Yes; we had controls during the war years, but after the war there was a big clamor to get rid of these controls immediately, and practically all controls were removed in 1945, soon after the war was over. Except for rent controls in selected areas, almost no controls remained after 1946.

From 1946 to 1951, the greatest potential inflationary period in history, we kept our bonds above par and we kept the interest rate no higher than 2½ percent. So I submit, Mr. Chairman, that if during the most trying periods of our existence, during those 12 years, we could keep Government bonds above

par and the interest rate at 2½ percent, we can do it any time. I say we can do it now if there is a desire to do it, but the Federal Reserve does not desire to do it. It desires high interest, just as all officials in this administration desire high interest.

Mr. CURTIS of Missouri. What about the value of the dollar under those circumstances?

Mr. PATMAN. Of course, that varied, just as it does right now. It depends upon what you are buying with that dollar. If you are buying short-term credit, the dollar is worth only 7 cents today compared with that period.

I will show in a moment that the price increases made after the controls were lifted were not the result of any monetary inflation in this period, any more so than the price increases that have been made under this administration have been caused by a monetary inflation.

Mr. Martin, whom the Republicans insist on calling a Democrat, was appointed by a Republican President. Why? To carry out the Republican policy of high interest. He has carried out the Republican policy, as they wanted it carried out. He was first appointed on a trial basis. They wanted to make sure how he would act before they gave him the regular place. But he has carried out their policies all right, so much so that he is now their hero.

Now I would like to invite the Members' careful attention to the official record of the postwar period preceding the so-called accord of March 1951.

I refer to it as the "so-called accord" because it was not an accord, or an agreement in any legal or proper sense of the term.

Agencies of the Government cannot properly reach an accord on an interest-rate policy unless the President of the United States agrees to it, because the President has a duty, under the law, to approve each and every bond issue and the interest rate which the public is going to pay on that bond issue.

The President of the United States was not in accord with the so-called accord of 1951 which was arrived at between certain officials of the Treasury and the Federal Reserve. On the contrary, the President of the United States on this occasion was the victim of a mutiny and a revolt—a kind of self-declared session of the Federal Reserve from the rest of the Government.

Only shortly before this so-called accord, the President had called the members of the Federal Open Market Committee to the White House and asked them to hold the line at 2½ percent on Government bonds, and they promised to do that.

Let me point out for those who do not know, that the Federal Open Market Committee is the group within the Federal Reserve System which determines interest rate policy for the United States. This committee is composed of the seven members of the Board of Governors, plus a selection of five of the Federal Reserve bank presidents, the latter individuals

being chosen for their office by representatives of the private banks.

The members of the Federal Open Market Committee promised the President of the United States they would hold the line at 2½ percent on Government bonds, despite the fact that there was then a tremendous agitation among the bankers for higher interest rates, and news had leaked out that the leaders in the Federal Reserve wanted to raise interest rates.

A point of fact, according to testimony later given by Mr. Allen Sproul who was at the time president of the New York Federal Reserve Bank and a member of the Federal Open Market Committee, the Open Market Committee had already made a decision in the previous August to go its own way and raise interest rates despite what the President wanted them to do.

The cause of our troubles today is that the bankers have gotten control of the Federal Reserve System and are running it in the interest of the bankers, imposing higher and higher interest rates.

Today our Government's bonds are selling in the market at 82 cents and 83 cents on the dollar—an absolute disgrace.

Now what are the facts about the low interest policy in the preaccord period? During the past few years these facts have been more misrepresented than any facts I know of. And they have been misrepresented through all of the organs of propaganda.

We have heard it said on all sides, "Yes; the Federal Reserve was able to keep interest rates by being committed to buy Government bonds in the open market whenever the price went below par, but to maintain the artificially low interest rates, the Federal Reserve had to buy up vast quantities of Government securities, and this inflated the money supply and caused all our troubles."

The main trouble with this claim is that it is exactly contrary to the facts.

The facts are that the Federal Reserve did not buy huge quantities of Government securities in the postwar period, prior to the accord, when it began to raise interest rates, but it actually made a huge net reduction of its holdings of Government securities.

So, if the Federal Reserve increased the money supply too much in this period, it was not because it increased its holdings of Government securities—an event which would have given the banks more reserves and thus enabled them to make more loans and investments.

But the further fact is that the Federal Reserve did not permit an increase in the money supply, in any real sense, by any means whatever. In fact it restrained the normal growth of the money supply and actually reduced the money supply relative to the amount of goods and services produced.

For those members who have not seen the rebuttal to the claim that the Federal Reserve had to go into the market and buy up vast quantities of Government securities in the postwar years to keep interest rates reasonable. I will insert in the Record the official figures from the Federal Reserve report, showing the exact amount of its holdings of Government securities in these years.

These figures show that between the end of 1945 and the end of 1950—just 2 months before the accord of March 1951—the Federal Reserve reduced its holdings of Government securities by a net of \$3½ billion. This was done notwithstanding the fact that there was a tremendous increase in the production of goods and services in these years and, consequently a real need for an increase in the money supply. By money supply we mean, of course, both bank credit and currency in circulation outside of banks.

The following table was taken from the annual report of the Board of Governors of the Federal Reserve System for 1959, page 119:

End of year or month	Reserve bank credit outstanding						
	U.S. Government securities			Dis- counts and advances	Float	All Other	Total
	Total	Bought outright	Held under repur- chase agree- ment				
1945.....	24,262	24,262	-----	249	578	2	25,091
1946.....	23,350	23,350	-----	163	580	1	24,093
1947.....	22,559	22,559	-----	85	536	1	23,181
1948.....	23,333	23,333	-----	223	541	1	24,097
1949.....	18,885	18,885	-----	78	534	2	19,499
1950.....	20,778	20,725	53	67	1,368	3	22,216
1951.....	23,801	23,605	196	19	1,184	5	25,009
1952.....	24,697	24,034	663	156	967	4	25,825

Where, may we ask, were all the Government securities which the Federal Reserve bought up in the postwar years in order to maintain what is called an artificially low-interest rate? If it bought up these securities we have heard so much about, it must have burned them or hidden them away in the back of the vault somewhere and neglected to include them in its official reports.

As I have already said, without respect to the means by which it may have done it, the Federal Reserve did not increase the money supply in any realistic meaning of the term in the first war years prior to the accord. Actually, it increased the money supply less relative to the growth in the economy than it has in the years since the so-called accord.

I will insert a table showing the official figures on this point:

Comparison of changes in the money supply and changes in real output, 1946-58

Year	Percent increase in real GNP (1954 dollars)	Percent increase in money supply ¹
1947.....	-0.1	3.5
1948.....	3.8	.5
1949.....	-1.1	-1.0
1950.....	8.7	2.5
1946-50.....	12.6	5.6
1951.....	7.5	5.1
1952.....	3.4	5.1
1953.....	4.4	2.4
1954.....	-1.6	1.3
1950-54.....	14.1	14.7
1955.....	8.2	3.5
1956.....	2.1	1.4
1957.....	1.8	.5
1958.....	-2.3	1.0
1954-58.....	9.9	6.6

NOTE.—Real GNP: The total gross national product (representing the total national output of goods and services) measured in current dollars has been converted to 1954 constant dollars.

¹ Money supply as measured by demand deposits adjusted and currency outside banks. Demand deposits are adjusted to exclude interbank deposits, U.S. Government deposits, and cash items in the process of collection. Data for money supply are based on 13-month averages.

Now I challenge any Member to obtain from Chairman MARTIN or Secretary Anderson any meaningful statement relative to this factual record. The record does not agree with their propaganda, and they evade all questions that put their propaganda and the record side by side. I have tried it. Let me illustrate the results.

Recently Secretary Anderson was testifying before the Joint Economic Committee, and I gave him some questions in writing which compared some of the claims he has made on this subject with the actual record. Furthermore, I called his attention to a statement made in the Board of Governors' report for 1951 which admitted that prior to the accord the market would take any amount of Government bonds at the 2½-percent rate then being offered.

Comparing what it claimed to be the situation in the Government bond market immediately following the accord with that before the accord, the Board's report states:

The new market situation contrasted sharply with the situation that had prevailed throughout the postwar period, when any amount of bonds could be sold readily at relatively fixed prices.

I cited this passage to Secretary Anderson and asked him this question:

My question is, first, whether you agree that throughout the postwar period, up until the beginning of 1951, any amount of bonds could be sold readily at relatively fixed prices?

Now please note his answer in which he manages to misunderstand the Board's statement. His answer begins:

During much of the postwar period, up until the time of the Treasury-Federal Reserve accord in March 1951, a large amount of Government bonds were sold readily by investors to the Federal Reserve at relatively

fixed prices. Since that time, however, the Federal Reserve authorities have properly pursued a flexible monetary policy—

And so on. So you see, he will not say whether or not he agrees with this very embarrassing statement about the preaccord period which the Board itself made in 1951. His answer twists the Board's plain statement into a statement, not that any amount of bonds could be sold to investors at 2½ percent, but that investors readily sold the bonds to the Federal Reserve when the rate was only 2½ percent.

After that the Secretary's statement goes on to praise the Federal Reserve's present monetary policies which are, of course, in perfect accord with what this administration wants.

My effort to have Chairman Martin retract the erroneous statements that have been made about the preaccord period have met with no greater success. When he was before the Joint Economic Committee in February of this year I called to his attention the contrast between the facts and the statements being made to the contrary. Members may judge the results from a portion of the record of the hearings, which I will insert below:

Representative PATMAN. We often read statements to the effect that: In the preaccord period, in order to maintain yields on long-term Government bonds at no more than 2½ percent, the Fed was forced to buy large quantities of Government securities in order to maintain what is called an artificially low rate, caused inflation of the money supply.

I will now read from the Board's annual report for 1958. * * * In other words, the Fed did not increase its holdings of Government securities in these postwar years up to 2 months before the accord. Rather, it made a net reduction in its holdings of Government securities, the reduction amounting to approximately \$3½ billion. Is that correct?

Mr. MARTIN. Those figures are correct. But that must be related to the Federal budget, of course, during the period. We have a debt today getting on to \$300 billion, whereas then we had a lower debt.

The figures must be related to the Federal budget? Why? The claim has been made that the Federal Reserve acquired vast quantities of Government securities in the preaccord period, in order to maintain what is conveniently called an artificially low level of interest rates. So the only question is whether this is a correct statement of fact or not, Mr. Martin prefers to talk about other matters, but it is not a correct statement of fact, because the Federal Reserve did not acquire Government securities for any reason. It reduced its holdings of Government securities.

All the Federal Reserve had to do to keep interest rates low was to let it be known that it stood ready to buy Government securities if the market price fell below par.

Interest rates are high today for one reason and one reason only. The reason is that the administration and the Federal Reserve want them high, and I would remind the Members that when this administration first started raising interest rates, its first action on taking

office, its spokesman then made no bones about the fact that it wanted to raise interest rates and it intended to raise interest rates.

On January 20, 1953, when President Eisenhower was taking the oath of office, the Federal Reserve was at that moment raising the discount rate.

A month later the administration put out its first bond issue. It issued a bond at a rate of 3.25 percent when the market rate on the longest Government bond then outstanding was three-quarters of a percent less. Secretary Humphrey made no pretenses that this was intended as anything other than a move to help raise interest rates. He put out a statement declaring that it had inherited from the previous administration "artificially low" interest rates and that it meant to raise them.

The administration has been raising interest rates ever since, and as a result it has given away billions and billions of dollars. Bank profits have been more than doubled, insurance company profits have been more than doubled, and personal income from interest has been more than doubled.

Just think of it—personal income from interest is now \$24 billion a year—more than twice the total farm income of the country. Yes, the bankers and the 1 or 2 percent of the families who are very wealthy have profited handsomely from the administration's high interest policy. But all of this has come out of the pockets of the other 98 percent of the American families. This high interest policy is nothing more or less than a way of redistributing the income. It is taking purchasing power out of the pockets of 98 percent of the people to further enrich those who are rich already.

The high interest policy has increased the interest cost for carrying the Federal debt twice what it would have been if interest rates had been left at their 1952 level. We are now paying more than \$9 billion a year just in interest charges on the Federal debt—and what a giveaway this is. This \$9 billion a year is as much as the total Federal budget in the New Deal years. And I can remember in those days when our Republican colleagues were constantly declaring that this amount of Federal spending was absolutely certain to bankrupt the country. That was in the days when most of the spending was to provide useful work for the unemployed to take families out of the breadlines and put the economy back on its feet after the collapse which followed the previous experiment with the Republican high interest policy.

It is more than a little strange to hear our Republican colleagues declare themselves so much concerned over the taxpayers money when we are considering such things as a housing bill or a distressed areas bill.

When we proposed spending a quarter of a billion dollars to help distressed areas help themselves, we are charged with being big spenders and wasters. Yet we are asked to appropriate billions

of dollars to help foreign countries relieve their distressed areas, and we are told that is all very fine. At least five different agencies of the Government are in competition with one another to see which can make the softest loans or the easiest grants to foreign countries, but not one of them has one penny to help the distressed areas in America.

We propose a billion dollars to help American families obtain decent homes, help the homebuilding industry and help put the unemployed back to work, and this is declared to be wasteful and unnecessary spending of the taxpayers' money. Yet the Federal Government is giving away many billions of dollars of the taxpayers' money because of the high interest policy and we hear from our Republican colleagues not one murmur of protest against this waste. And the fact of the matter is the high interest policy is the very reason that millions of American families cannot buy decent homes without our help.

Mr. McDONOUGH. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Chairman, after listening to my distinguished colleague from Texas, who serves on the Committee on Banking and Currency, which has jurisdiction over the Federal Reserve System, may I say that if he feels as he does and as his speech indicates, why does not the Committee on Banking and Currency amend the Federal Reserve System Act? You have the power to do so, yet I notice you keep coming over to the Committee on Ways and Means trying to get us to mess into the affairs of the Federal Reserve System. If this is so, why does not the majority in control of the gentleman's committee do something about it? I do not think the case is well made. I congratulate the gentleman's colleagues on the Committee on Banking and Currency for not doing this.

Mr. PATMAN. Does the gentleman congratulate us for not doing it?

Mr. CURTIS of Missouri. That is correct.

Mr. PATMAN. I take neither the responsibility nor the credit, because if it were within my power we would have hearings on these things and do something about them; but it is not within my power to do it.

Mr. CURTIS of Missouri. In other words, the gentleman has not been able to persuade his colleagues on his own side that his theory is correct?

Mr. PATMAN. That is right. However, the Ways and Means Committee has responsibility for acting, or not acting, on the President's request that the interest rate ceiling be repealed—not the Committee on Banking and Currency. That is the reason that I have urged the Ways and Means Committee to look carefully into the situation it is faced with before it takes any such action to allow and encourage the administration and the Federal Reserve to raise interest rates still higher.

Mr. BROWN of Georgia. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio [Mr. ASHLEY].

Mr. ASHLEY. Mr. Chairman, I rise in support of H.R. 10213, the emergency homeownership bill, and I think the Banking and Currency Committee is to be commended for bringing such timely legislation to the floor.

The reason that I support this measure, as a member of the Housing Subcommittee, is that I am convinced that it is needed now and that it will be needed in the months ahead.

The heart of the bill, as you know, is the provision for a \$1 billion loan fund to purchase FHA and GI loans through the FNMA Special Assistance Program. This is the stimulant which the committee is convinced is necessary to halt the dangerous downward drift of the housing industry and the important industries which depend upon a healthy and vigorous home building industry.

Mr. Chairman, there can hardly be any doubt about the serious decline in housing which has been taking place ever since last spring. During most of last year, the decline in the annual rate of housing production was gradual, but in the early months of this year the fall-off has become precipitous. Latest statistics show that we have fallen to a seasonally adjusted rate of only 1.1 million units, which is a falloff of approximately 20 percent below the rate a year ago.

This is a dangerous situation for two reasons:

First, because production at such a retarded rate can only mean that we are slipping further and further behind in our efforts to make a reality out of the objectives of our national housing policy, namely, a decent home and suitable environment for every American family. We simply have to face the fact that this goal cannot ever be achieved unless we step up the rate of housing production over the level of recent years. At the present rate we are going, we are not making a dent in the disgraceful inventory of substandard and slum housing, and we are barely breaking even—if that—in meeting the minimum demands of family formation.

Second, is the fact that a sagging or depressed home building industry must be considered a forerunner to a depressed economy nationally. Recent history demonstrates convincingly that a failing home building industry signals an overall decline in economic activity, just as housing production on the upswing is a harbinger of stepped up activity in our overall economy.

Mr. Chairman, for those who doubt that there is trouble in the home building industry, I invite attention to the reports issued by the subcommittee and testimony given in our hearings. These show that discounts on FHA and VA mortgages have reached an unconscionable level, particularly in the South and West. It is apparent that some builders have found ways to inflate housing prices in order to cover these discounts, but it is almost impossible for small builders to do this—and the result is that they are simply forced out of the VA and FHA programs, programs meant to provide homes for the modest income market.

It hardly need be pointed out, Mr. Chairman, that these exorbitant discounts are basically the result of a tight money policy which has forced interest rates to ever higher levels.

May I just say on the subject of interest rates. I was very interested in what the gentleman from Missouri was saying, but he appears to be convinced that the level of interest rates depends entirely upon the law of the marketplace, in other words, upon the demand and the supply of credit. Mr. Chairman, I remember a few years ago when people in discussing inflation would reflect the classical concept of inflation—that is, too many dollars chasing too few goods. Well, we have learned in recent years that there is another kind of inflation—high price inflation brought about by administered prices. This is the situation which, as I say, we have become familiar with where despite a falling off in demand, prices stay at a high level or even go higher. We saw this in the last recession and it is particularly true in our basic industries. It seems to me that possibly we are going to hear more and more in the future about administered interest rates. The facts, according to the Wall Street Journal and other sources of information that are available to all of us, are that funds are becoming more readily available and that savings are going up. Why is it then that interest rates remain at the high level that they are. I say it is because the correlation between supply and demand and the interest rate ceiling is not quite as attuned as the gentleman from Missouri and others seem to indicate.

I was addressing my remarks, of course, to discounts.

Discounts are just one device to increase the yield on mortgages which have a ceiling on the rate of interest which can be charged. The bill before us will do much to relieve this outrageous situation, both directly and indirectly. And in so doing, it will check the alarming increase in the use of second mortgages and other questionable financing devices in the conventional loan field.

Where second mortgages are used they are typically discounted by as much as 25 percent, believe it or not, and this staggering discount is often added on to the normal sales price of a home.

Another practice which is dangerous for the buyer, and for the industry, is the use of installment sales contracts. Under this plan, a buyer doesn't even get title to the house he's buying and can be dispossessed for even a momentary default in payment, since he is without the usual protection provided by most State foreclosure laws.

Mr. Chairman, the use of these costly, dangerous, and undesirable methods of financing can be directly traced to the growing difficulty in obtaining long-term low downpayment FHA and VA loans. Let me repeat, this is another and very important reason for the legislation at hand.

Now, Mr. Chairman, I understand that the Republican side of the aisle is planning to offer a so-called civil rights

amendment to this bill and I want to comment briefly on this.

We will be told, I'm sure, that the purpose of this rider is to prevent discrimination in the operation of this bill.

This simply is not the fact of the matter. The truth is that the purpose of the amendment is to kill the bill. Nothing could be clearer. The idea is to force liberal Democrats to join Republicans under the umbrella of civil rights, thus assuring adoption of the amendment.

But what would happen on final passage? The same thing that has happened time and time again in the past. Republicans would joyfully join conservative Democrats to vote the bill down.

I say this maneuver is transparent, that it is overworked and I very much hope that other Democrats who regard themselves as liberal will join with me in voting against the proposed amendment.

The principal feature of the bill, of course, is the provision of \$1 billion for FNMA investment in FHA and GI loans on lower priced housing. However, there is far more to the bill than that. Other sections of the bill complement this provision and provide assistance and incentives to increase production in other types of housing. For example, the bill would restore the requirement that FNMA pay the full face value of loans bought under the special assistance program. In addition, it would reduce FNMA's fees and charges in these special areas. Right now there is no restraint in the law on the amount FNMA can charge under special assistance and it has set the cost at 1½ percent by regulation. This bill would impose a ceiling on fees and charges of 1 percent of the amount of mortgages sold to FNMA. Moreover, it would limit the amount collected at the time of commitment to one-fourth of the total in contrast to FNMA's present regulatory requirement of one-half. These provisions will immediately benefit such programs as urban renewal housing, which is highly dependent on FNMA for financing. It would also cover other types of mortgages which have been singled out as deserving such aid, such as housing for the elderly and cooperative housing.

Another section which would benefit a broad range of housing is the prohibition against FNMA's present practice of rejecting some FHA and GI loans offered to it. This is a simple matter of common sense and should never have been a problem in the first place. If the loan is acceptable to FHA and VA, and is not in default, there is no justification for FNMA to second guess these agencies.

The flow of new mortgage money generally will also be aided by the limitation imposed on FNMA sales, including their recent efforts to trade mortgages for government bonds. In view of the extreme tightness in the mortgage market this is no time for FNMA to be unloading its portfolio. By so doing, it is simply sopping up funds which could have gone to financing new homes.

Mr. Chairman, I will not attempt to go into all the provisions of this bill. I am convinced that this represents a well-thought-out answer to the present

problems plaguing home buyers, and the homebuilding industry. It would make an important contribution toward getting our housing needs and toward meeting our responsibility to do everything in our power to assure employment and maximum production. I urge all of my colleagues to support the Emergency Home Ownership Act.

Mr. KASEM. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield.

Mr. KASEM. Do you think the civil rights amendment is as transparent as having the Vice President represent us at the summit conference in the event the President finds he has more important business in this country?

Mr. ASHLEY. I would say no. I do not think it is quite that transparent. Nothing could be more transparent than this.

Mr. McDONOUGH. Mr. Chairman, I have no further requests for time.

Mr. BROWN of Georgia. Mr. Chairman, I yield such time as he may desire to the gentleman from Missouri [Mr. CARNAHAN].

Mr. CARNAHAN. Mr. Chairman, I rise in support of H.R. 10213. It is not only a good bill, it is a vitally needed bill. It addresses itself to two of the most important and current weak spots in our Nation—the need to put every citizen under decent and adequate shelter and the compelling need to encourage and maintain a progressively vibrant economic structure for continued growth.

I called the Labor Department's Bureau of Labor Statistics this morning and was told that as of March 1960 there are 4 million and 206 thousand people in this Nation out of work. I talked with the National Association of Home Builders here in Washington to be told that housing starts remain at 1,115,000. All of this in a nation of 180 million people which is growing daily. Furthermore, I talked with the Bureau of the Budget to learn that the Administration thinks this to be a bad bill and is opposed to it. Over 4 million out of work and the housing starts figure remaining where it has been for so long—and the executive branch of this Government sits idly by. It is high time that we in the Congress become concerned and take definitive action to correct this growing national housing problem.

I know that you will hear the argument that housing is a function of the free enterprise complex and is no business of Government. I submit to you, my colleagues, that anyone who believes that housing this Nation's citizens is not properly a concern of Government is living in the past and that furthermore that past is a terribly expensive one and utterly unrealistic. The facts are easy to come by—just as easy for the administration to procure as for me. There are over 3 million dilapidated, nonfarm homes in use in America today; this, I am told, is twice the number that were in existence and use 10 years ago. When one examines the figure of 1,115,000 housing starts today and then discovers that this current figure is one-half mil-

lion less than in 1925 when our population was only 115 million he discovers a shocking picture. In 1925 we were building 111 homes for every 10,000 people. In 1960 we are building 77 homes for every 10,000 people. This is an era of unparalleled prosperity. Why, Mr. Chairman, we are not even holding our own. In fact, we are retrogressing.

Exhaustive hearings have been held on this bill and much expert testimony has been given. Outstanding among all that testimony is the statement to the effect that a minimum starts figure to adequately house our ever-expanding population would be 2 million starts annually. Coupled with this is the fact that we have not begun to feel the effect in housing of the post-World War II birth rate. In addition to this there is the ever-present problem of the continued spread of urban blight and slums and the loss of housing inventory through Federal and State highway programs and urban and community redevelopment. Looked at from this angle, Mr. Chairman, we are building for ourselves as a nation a problem in housing that reaches near emergency proportions and promises to get even worse unless we in this body take the initiative and create the necessary machinery to begin immediately a frontal attack on this neglected problem.

Mr. Chairman, we dare not fail to create in this body the opportunity through private enterprise assistance for this growing and healthy population of ours to avail itself of adequate and decent housing within a fair and just range of prices. To do otherwise will be nothing less than "sowing to the wind and reaping the whirlwind" for the social consequences that are bound to follow this long-neglected problem are bound to be serious and of tragic consequences to our national fiber if we fail to act positively. Unless adequate housing, fairly priced and within the easy acquisition of our citizens, is not soon made available to all willing to save and plan and pay for it, then we may expect crime among adults as well as juveniles to increase. Bound to follow substandard housing is the serious disruption of family patterns, broken homes, and a further breakdown in moral and ethical standards. If this happens, then we as a free people are in real trouble. I hate to contemplate what the social agenda in the next 10 years might read like unless we act. Another fact to be considered is always lurking in the background during these past few years—the effects of recession and inflation on our economic structure. Unless we act on this matter in a positive and bold manner, we have a nation in trouble.

It was just 2 years ago when our economic position suffered a rather severe and shocking jolt. Most people had been led to believe through slogans of peace and prosperity that our economic base was solid and substantial. But, as if without warning, the man in the street was told that we were going through a period of strategic retreat, of economic tightening up—a recession. In the spring of 1958 this Nation, living in an

era which almost automatically guaranteed prosperity, suddenly was awakened to the rude fact that over 5 million of its people were out of work, wanting to work and could not find work. It was only natural that people began to draw parallels between the early 1930's and 1958. Through the Madison Avenue use of slogans we had long since become convinced that this thing that haunted America in the thirties could not happen again, certainly to the extent that it was happening. Fear and uncertainty about the future was naturally engendered in the minds of many people. We are told now by a spokesman of the administration that inflation is no problem and that the recession is over. This may be, but the damage was severe. As an example of this damage let me cite the \$12 billion deficit in the Federal budget for fiscal year 1959. Nine billion dollars of this deficit is directly traceable to the loss of income tax revenue.

During this period the Congress initiated and passed the Emergency Housing Act of 1958 and the administration used it in helping to get the Nation out of the recession. This act of 1958 reversed the downward trend in homebuilding, a trend which once again is beginning to assert itself and should be of concern to all of us who desire a healthy economy. This act of 1958 proved to be a real shot in the arm for our recovery efforts.

Under this Emergency Housing Act of 1958, the Federal National Mortgage Association was authorized to invest \$1 billion in FHA and VA mortgages on new construction. That investment in turn was a stimulus to an even greater investment of private funds in mortgage construction. This bill will, I believe, have the same sort of triggering effect in encouraging the investment of a much larger share by savings institutions across the country in one of the soundest investments available—private homeownership.

What does the bill do? The major feature of the bill is a reactivation of the Federal National Mortgage Association's program 10. This was a program initiated under the 1958 Emergency Housing Act, and this bill would increase the program No. 10 authorization by \$1 billion for the purchase of FHA and VA mortgages on new construction. The principal amounts of these mortgages could not be over \$13,500 except in those areas where high construction and labor costs warrant. The FNMA is, under the provisions of this bill, directed to channel to the maximum possible extent the available funds into those areas. And FNMA is further directed by this bill to allocate these funds in the most equitable possible manner to insure against a disproportionate use of them by any one builder.

This, then, is the main feature of the bill. The other provisions are directed at making the FHA home mortgage insurance program more workable—to remove stumbling blocks toward the end of broadest possible use of the FHA program. Various inhibiting factors in making the Federal National Mortgage Association fulfill its true purposes as a

real secondary mortgage market stimulus are removed by this bill. The other function of FNMA—the provision of special assistance for financing of selected types of FHA and VA loans—is aided by restoring the par purchase requirement.

In short, Mr. Chairman, this bill gives real impetus to an industry which has power to reverse present downward trends in our economy; but, more importantly, delivers in the form of a finished product an item every person vitally needs, an item this Nation can ill afford to let its citizens do without—shelter for every American family.

I urge you, my colleagues, to support this bill.

Mr. LINDSAY. Mr. Chairman, I rise in opposition to H.R. 10213, which has been somewhat wistfully dubbed "Emergency Home Ownership Act." And I do so more in sorrow than in anger.

The housing field is one in which I have a very keen interest. In my own district, as in the Nation, there are housing problems still unsolved. I am acutely conscious of the role Government can and must play in this area.

The substance of this bill, however, is a scheme to subsidize housing construction in one small part of the industry, and this chiefly in the South and Texas. This will be done by purchase of mortgages through FNMA without the point discount which is now prevalent in the marketplace as the mechanism for adjusting the controlled FHA interest rates to the market. Under the law, the discount is paid by the builder, and consequently, the subsidy will be to the builder. That is why this is strictly a builders' bill. It does little if anything for the small homeowner. Furthermore, the builders so subsidized contribute to only a small fraction of the total residential construction.

I have read the majority report, and I still do not see how it can be said that the bill will make a constructive contribution toward solving any national housing problem. I know the housing problems of my own district. Certainly, this bill will solve none of them. In fact, intensified urban areas where apartment dwelling is the rule will receive no benefit whatsoever from the bill. These are the areas where we should be focusing our attention.

Now I suppose anyone who is from New York City should not be surprised to encounter politics in housing, even in this year when politics is so far from everyone's mind. But I should like respectfully to suggest to my colleagues on both sides of the aisle that H.R. 10213 is patently so poorly conceived for its announced purpose that its enactment is neither good government nor sound politics.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Emergency Home Ownership Act".

Mr. BROWN of Georgia. Mr. Chairman, I move the Committee do now rise.

The motion was agreed to. Accordingly the Committee rose, and the Speaker having resumed the chair, Mr. FORAND, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill H.R. 10213 directed him to report it had come to no resolution thereon.

TV MUST ABANDON CUSTOM OF TYPING CRIMINAL CHARACTERS AS BEING ITALIAN

Mr. LANE. Mr. Speaker, I ask unanimous consent to extend my remarks in two instances in the body of the Record and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. LANE. Mr. Speaker, television programs are showing an increasing disrespect for the intelligence and pride of the American people. From rigged quiz presentations to the reflections cast upon large national groups by falsely identifying them as being stupid or violent, this segment of the entertainment industry has failed to live up to its public responsibilities.

Its poor taste, cynicism, and mockery of the viewing audience has aroused large numbers of people who are demanding that the industry clean house or forfeit the support of those upon whom it depends for its very existence.

Americans of Italian origin are offended by TV's habit of stereotyping all racketeers and gangsters as being automatically Italian by name or accent.

It gives the impression to those who do not know of Italy's great contributions to civilization, and who are ignorant of the deep religious faith, the hospitality and the kindness of the Italian people, that our Italian-American friends are enemies of law and order.

This is an out-and-out insult to our fellow citizens who are proud of their magnificent traditions and heritage.

It is truly "A Case of Libel," which is the theme of the lead editorial that appeared in the April 23, 1960, edition of the Boston Pilot, which is the voice of the Archdiocese of Boston, Mass.

As this issue is coming to a head, I include the editorial in the CONGRESSIONAL RECORD. I hope that it will induce TV to change its ways.

A CASE OF LIBEL

A libel against a person is reprehensible enough, but a libel against a whole people multiplies the crime. Even when the libel is a subtle one, it can be effective, and even when unintentional, it can do its damage. The libel we speak of is fast taking on the proportions of a national scandal and very few Americans can fail to be exposed to it. Radio and television, not to mention the theater and the short story, have decided that the criminal in American life must be an Italian.

At the present time the most offensive presentation seems to be on television where violence and crime are getting vastly more than their deserved space. By accident or by name, by suggestion or by specific reference, the gangster, the tough guy, the bookie and the jailbird are all Italians. We have

often wondered how those of Italian origin must feel as they watch their nation stereotyped in this libelous way; at least we know that for many of the rest of us, who know something of what Italy has done for Western civilization, the suggestion is revolting.

Is there any other national group that would have put up with this sort of business this long without getting action? We think not. We have noted that Irish protests long ago got rid of "paddy," the buffoon; that Jewish protests long ago disposed of "izzy," the merchant; the Negro protests have killed off blackface—and we just wonder how long we are going to have to put up with "tony," the gangster. It is long past time that this last fellow followed his other friends into oblivion.

Let no one say at this point—"but there are Italian gangsters." The answer to this is a simple affirmative. But there are also gangsters who are English, Irish, Dutch, Jewish, German, Negro, and whatever else. No one group has a monopoly on crime any more than a monopoly on virtue. It has never been suggested that each national tradition does not have its proper share of scoundrels; the objection is raised when one group is steadily identified with an offensive stereotype.

What to do about all of this? Every person with a sense of fairness has some responsibility in clearing up the libel we have been speaking of. Italians may feel self-conscious in taking up the cause, just as many Jews feel self-conscious in combating anti-Semitism. Others in the community, however, who resent the attack that is being made on the reputation of their Italian neighbors must do something positive to change the habits of the TV scriptwriters.

One clear avenue is to write to the TV stations, who are appropriately sensitive to public opinion, especially when it is reasonable and politely expressed. The second avenue, which sometimes brings even quicker response, is to write to the advertisers who present the offending programs. The last thing that either of these groups wish to have is public opinion offended and a potential buyer alienated from the product they are interested in selling. In the last analysis we will have this problem with us just as long as we do nothing to change it; as soon as we decide that it is worth doing something about, we will have solved it.

LAWRENCE, MASS., AND ITS BLUEPRINT FOR PROGRESS

Mr. LANE. Mr. Speaker, one of the most inspiring stories of our times is the organized effort by some of our labor-surplus communities to fight their way back to economic recovery and progress.

Greater Lawrence, in Massachusetts, is a notable example of the success achieved through realistic planning and community spirit.

Since its incorporation, more than 100 years ago, Lawrence was a one-industry community.

When the textile industry upon which it depended for its livelihood collapsed, Lawrence was threatened by economic disaster.

But its people did not quit.

Under the leadership of the Greater Lawrence Chamber of Commerce and the two newspapers of this community, the Lawrence Eagle-Tribune and the Lawrence Sunday Sun, they started to rebuild the local economy through diversification of industry.

Not content with mere recovery, Greater Lawrence is determined to move ahead.

Its blueprint for progress outlines the new Lawrence that is developing.

And the spirit that is putting those plans to work is expressed in the front-page editorial, "Our Greatest Challenge," that appeared in the April 22, 1960, edition of the Lawrence Eagle-Tribune.

Under unanimous consent, I include it in the CONGRESSIONAL RECORD, as an example that will guide and encourage other communities.

OUR GREATEST CHALLENGE

In April 1958, in cooperation with the Greater Lawrence Chamber of Commerce, the Eagle-Tribune published a report to the Nation edition which proudly proclaimed how our community, with unbounded determination and a solidly united spirit to fight, overcame its textile mill losses through the introduction of greater diversification of industry. Subsequently, Greater Lawrence became the quoted example and envy of American cities everywhere because of the economic upswing which followed and the resultant increased employment and payrolls.

In April 1959 the Eagle-Tribune published a preview edition of "New Horizons for Greater Lawrence" and what its future was to be. Many of the enterprises and projects outlined then have already been completed and others are in their final stages. Yet, there remains a great deal more work to be done if we are to keep our Greater Lawrence community in the forefront as a leader in this great country of ours.

Today, we present a special 60-page supplement for the beginning of the fabulous sixties. It contains the completed master plan of a "Blueprint for Progress"—a long-range pattern of design showing what must be done in the physical and industrial structure of Lawrence in the next 10 years if we are to make more efficient and profitable use of its resources.

There is much material in these pages for all to study and absorb thoroughly. We strongly recommended that you keep this edition as a check-sheet of progress and accomplishments. "Blueprint for Progress" is our greatest challenge to date. We must not fall now.

Greater Lawrence, today, stands on the threshold of an era of further expansion and prosperity. We are about to take what is perhaps the boldest forward step in our long history.

During the next 5 to 10 years we will observe, and actually be a part of, events of such magnitude that they will shape the course of commerce, industry, transportation, education, and employment in the Merrimack Valley for future generations.

Situated strategically in the center of the Merrimack Valley, Greater Lawrence has long been referred to as "The Hub of the Merrimack Valley."

In the immediate future that title is about to become even more definite, and the community itself will assume still larger stature as new highways, new bridges, expanding educational facilities and new commercial and industrial enterprises increase the flow of people and products into and out of "The Friendliest Community in the United States."

We can see a variety of projects taking shape—some long overdue, some in the early stages of development, others still on the drawing boards—but all of them, in their own ways, calculated to serve our growing

community and to enhance the nationwide prestige of "The Hub of Merrimack Valley."

Greater Lawrence is on the march and you are in the parade.

IRVING E. ROGERS,
Publisher.

SAVING AMERICA'S GRASSROOTS—THE 25TH ANNIVERSARY OF THE SOIL CONSERVATION SERVICE

Mr. JENSEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. JENSEN. Mr. Speaker, I should like to remind Members of the House of a most significant birthday that is being observed today. This is the 25th anniversary of the signing of the Soil Conservation Act, which not only set forth the Nation's soil and water conservation policy but established the Soil Conservation Service in the U.S. Department of Agriculture to carry forward a nationwide program of erosion control.

Few more important pieces of legislation, in my opinion, have ever been passed by Congress, from the standpoint of safeguarding basic elements of the Nation's economy. I am referring, of course, to our soil and water resources, without which this Nation could not produce its bounty of food, fiber, and other essentials for this and future generations.

The Soil Conservation Act, for the first time in national legislation, recognized that wastage of soil and water resources on our farm, grazing, and forest lands, as a result of soil erosion, is a menace to the national welfare. It declared the policy of Congress to provide permanently for the control and prevention of soil erosion, the preservation of natural resources, and related objectives including flood control.

It is fitting that on this date we recognize the vast amount of effective soil and water conservation work that has been done on the farms and ranches and watersheds of the country by landowners and communities since April 27, 1935. It is also a good time to take note that much more urgently needs to be done before the job we started out to do has been completed.

I want to pay special tribute to two former Members of this House, the late Jack Dempsey, of New Mexico, and Marvin Jones, of Texas, now the distinguished chief judge of the U.S. Court of Claims here in Washington. Twenty-five years ago they introduced identical bills to declare the conservation policy of Congress and establish the Soil Conservation Service. As it happened, Congressman Dempsey's bill was the one acted upon, but it was Congressman Jones, then serving so effectively as chairman of the Committee on Agriculture, who reported the bill and handed it on the floor.

The bill became law exactly in the form in which it was introduced. Forty members of the 74th Congress which

passed the Soil Conservation Act are serving in the present 86th Congress. Many of them certainly remember the urgency that prompted their action in those earlier days.

Only 3 weeks before the House acted on the bill, Members of Congress, in common with the rest of the people in the Nation's Capital and elsewhere in the East, had seen the sun dimmed by a yellow haze. Enormous clouds of fine dust particles swept across the country from the eroded, drought-parched fields of the Great Plains, created something new in eastern weather.

Many members of the 74th Congress had seen fields stripped of topsoil and riddled with gullies. They had seen muddy creeks and rivers after every rain, silted reservoirs and stream channels, and other costly results of uncontrolled erosion in all parts of the country.

A start had been made toward doing something about the growing problems of soil erosion, but it clearly was not enough. Thanks to the missionary zeal of that pioneer soil conservationist and first chief of the Soil Conservation Service, Dr. Hugh H. Bennett, Congress as early as 1929 had provided for cooperative erosion control experiment station studies at 10 locations. A Soil Erosion Service, also under his direction, had been set up administratively in the Department of the Interior in 1933, to give on-the-farm technical assistance in a number of erosion control demonstration projects and Civilian Conservation Corps areas. This early Soil Erosion Service was transferred to the Department of Agriculture in March 1935 and renamed the Soil Conservation Service on April 27.

With the declaration of conservation policy by Congress, a continuing and expanded national action program of soil and water conservation was assured. Two years later, in 1937, farmer-organized and farmer-managed soil conservation districts, established by authority of State enabling laws, began to accept responsibility for directing local soil and water conservation programs. They drew on the technical assistance of the Soil Conservation Service and on other sources of Federal, State, and local help.

Looking back today, we have the satisfaction of knowing that our nationwide soil and water conservation undertaking rests on sound foundations that have stood the tests of a quarter of a century. This undertaking, so important to the welfare of every one of this country's 180 million citizens, has moved ahead successfully and steadily. Responsible people everywhere have praised its operations. It continues to deal effectively with today's multiplying problems involved in the conservation and development of our soil, water, and related resources.

I am proud of the fact that even before I came to Congress in 1939 I had supported in every possible way the sound soil and water conservation program carried on by the soil conservation districts of Iowa.

Since then, I am happy to have had a part, as a member of the Appropriations Committee and on the floor of this House, in the enactment and financing of the watershed protection and flood prevention program authorized by Public Law 566 of the 83d Congress. I believe we all owe a vote of thanks to the authors of this act, Senator GEORGE AIKEN, of Vermont, and former Congressman Clifford Hope, of Kansas. Through this program, communities in all parts of the country are now able to get the essential technical and financial assistance needed to move ahead with their watershed work.

Flood prevention structural work is now underway, or contracted for, in many of these watersheds. It is in various stages of planning in many other watersheds. At the same time, essential land treatment work is being done in all of the watersheds being developed under this program.

Our big concern now, as I pointed out to this body on March 11, is getting adequate funds to meet the Federal Government's share of the cost of these essential watershed projects.

The Great Plains conservation program is another and more recently authorized part of our nationwide conservation effort. This program, which provides complete conservation plans for participating farmers and ranchers, is designed to give comprehensive land treatment in the very region from which the giant dust storms originated 25 years ago.

I cannot begin to remember how many times I have spoken here on the floor, in my own State of Iowa, and elsewhere over the country, in behalf of this conservation work that is so vital to a healthy agriculture and to our whole economy. Back in 1947 I introduced a national land policy bill, to strengthen even more the national soil and water conservation program.

I like to think that my efforts, added to those of so many of my colleagues on both sides of the aisle, have helped our national soil and water conservation program attain the record of accomplishment that is the basis for its widespread and favorable public recognition today.

Conservation farming is no longer an experiment. It is a practical necessity producing important economic benefits. Today, conservation farming is an accepted objective from Alaska to Florida, from Maine to Hawaii. Our new challenge is to keep pace with the growing demand for the kind of technical assistance and other help that was contemplated by the Soil Conservation Act 25 years ago.

The accomplishments so far achieved under this legislation have been most gratifying. When I first ran for Congress, I called attention to two particular problems in my southwestern Iowa district. One was the erosion that was wreaking havoc on so much of our good Iowa farmland. The other was the hazardous dredging of streams, which was lowering the water table in an alarming manner. I am happy to say that

as a result of the effective work done by the farmers themselves, through their soil conservation districts, we are well on the way toward remedying these conditions.

For example, up to 10 or 12 years ago, the watershed above Shenandoah, Iowa, like many other uncontrolled watersheds in my district and yours, my colleagues, used to dump damaging floodwaters down onto the city area with distressing regularity after every heavy rain. Nurserymen operating on some 2,900 acres of this watershed decided to do something about the situation, in cooperation with the Page County Soil Conservation District. Since they got together and treated their lands, there has not been a flood of any consequence.

It is not the enactment of legislation or the setting up of an agency that gets the conservation job done. It gets done by the hard work of individual farmers on their own farms and watersheds back in your counties and mine, with, of course, the necessary guidance of the SCC technicians and financial help from the ACP.

I remember, back in the early forties, being on the train with a banker from one of my counties. The talk turned to my favorite subject—soil conservation. When he told me about some of the erosion and other problems they had in his county, I convinced him they ought to have a soil conservation district there. On his return home, he took a leading part in stimulating interest in the organization of a district in his county and, within a short time thereafter, a district was actually formed—which completed the organization for my entire congressional district.

A few figures will serve to illustrate how fast and far we have come in soil and water conservation accomplishment in the last two decades:

As of June 30, 1939, Chief Bennett reported that 22 million acres of land in private ownership were covered by cooperative agreements. The SCS had working agreements or detailed plans on an additional 26 million acres of public lands. Approximately 81,500 cooperators were represented in Soil Conservation Service operations on private lands, in projects, CCC camps, soil conservation districts, and so on.

As of June 30, last year, the Service reported soil conservation districts had a total of approximately 1,860,000 co-operators, operating nearly 564 million acres. More than 1¼ million of those soil conservation district cooperators had basic conservation plans, on more than 365 million acres in about 2,860 soil conservation districts.

There are similar figures showing notable progress with the land capability surveys and with the individual conservation measures that have been applied on the farms and watersheds of America. They only serve to confirm further the gains we have made.

But we are still in the beginning stage. The conservation job is far from being completed. Some 2½ million farms still need basic conservation plans. Thousands of tributary watersheds need the

combined conservation land treatment and structural work contemplated in the Watershed Protection and Flood Prevention Act. What I have said before still holds true for all our lands which remain without the benefit of conservation treatment and management:

We must stop erosion on this land. We must stop mining the soil. We must stop bad land use and bad water management at the earliest possible hour. Let us never make the mistake in our country that was made by so many other nations that neglected their land. As a result of this neglect they are experiencing today the hunger, misery, and strife that are the penalties of failing to take good care of priceless natural resources of soil and water.

The degree to which we are successful in halting this damage and waste, without unnecessary delay, will help determine the health and vigor of our agriculture when the 50th anniversary of the Soil Conservation Act rolls around in 1985. I know my fellow Members of the Congress are proud of the support they have and are giving to their local soil conservation districts; to the States now participating more actively in conservation matters, and to the Soil Conservation Service. I urge you, in the name of America, to give your continued support to this great movement on which our agriculture, our food supply, and our future as a Nation so greatly depends.

CONSERVATION RESERVE—SOIL BANK

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my remarks in the body of the Record and to include therein extraneous material.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. BYRNES of Wisconsin. Mr. Speaker, I have become convinced that there is a solution to the pressing farm surplus problem within our grasp, if we will but seize the opportunity.

Our opportunity lies in putting renewed energy and emphasis into the agriculture program which is the only program now in operation effectively cutting back surplus crop production.

I refer to the conservation reserve, or soil bank.

Of all the solutions proposed for our urgent farm problem, this is the program which holds the greatest promise of sound, constructive results at the least cost while preserving, at the same time, the priceless freedom of the American farmer.

The conservation reserve program is one farm program which makes sense.

It has proved itself in operation. It is doing a superb job in reducing surplus crop production and conserving the soil. Now is the time to recognize its accomplishments and take steps to realize its full potential. Now is the time to extend the conservation reserve and greatly expand its scope. This is our opportunity to do something about the farm problem.

Accordingly, I have today introduced a farm bill, H.R. 11930, which will extend the conservation reserve for 3 more

years, direct its expansion to the point where cropland in production and cropland actually needed are in approximate balance, allow rental payments to be made in wheat or feed grain certificates and make other improvements in the program which experience have shown will be helpful.

The soil bank is doing two jobs for us and doing them well. It is taking cropland out of production and thus reducing burdensome commodity surpluses. At the same time, it is conserving our soil. The report of the Secretary of Agriculture to Congress on the soil bank conservation reserve program, submitted on March 15, 1960, shows how well it is performing in these two vital fields. I include that report and related tables, as well as the text of H.R. 11930, as part of my remarks.

The essential point I want to make, however, is that what has been accomplished thus far in the field of surplus reduction and soil conservation represents but a small part of the program's potential.

In my opinion, the soil bank has just reached the takeoff point. Its real promise lies ahead. If we give it a chance to show what it can do, I am convinced that we can, over the course of the next 2 or 3 years, make heavy inroads against the agricultural imbalance which plagues us today.

If we are to strike effectively at the root cause of our farm problem, we must reduce cropland acreage to a point where it comes into balance with the demand for agriculture commodities, and we must do so in a way which will not bring about a social and economic upheaval by a centrally directed control program which relies upon the police power for enforcement.

We have learned the hard way—by accumulating costly surpluses which cannot be utilized—that too much of our land is being farmed. We have been tilling soil that should better remain in cover, water, or trees. We have been planting land which produces crops far beyond our needs at home or abroad. In the process, we have depressed agricultural prices and have done great damage to our most precious natural resource.

If we can successfully reduce crop acreage to the point where land in production meets our needs, we will have reached the point where we can end the rigidities of Government controls, supports, and subsidies and let the free market bring its challenges and rewards to the American farmer.

The soil bank can do this job if we make it the keystone of our agriculture program.

It can reduce surplus acreage in a purely voluntary manner, permitting the exercise of free choice, paying fair value for farmer participation, and avoiding the straitjacket of Government-directed planting.

It can do so with the least administrative cost and governmental redtape. The machinery is already in operation. It is administratively efficient, relying upon locally elected farmer committees for local administrative decisions.

It can do so without subsidy, its payment to farmers representing only what the land would otherwise bring in rental on the marketplace or in crops that would otherwise be produced.

Its costs, while large, would be one-half to one-fourth as much as the present price stabilization program and far less than any of the proposed regimentation type substitute programs.

Economists who have studied the problem estimate that a soil bank of 60 million acres, varying possibly 20 percent either way, would bring cropland into balance with demand. It is estimated a 60-million-acre soil bank would cost about \$900,000 million annually. The 1961 budget request for farm price and income stabilization is \$3,950 million, or almost quadruple the cost of a mature soil bank program.

Most important, however, the cost of a stabilizing soil bank would not represent sterile support, control, and storage operations which do nothing to attack the basic causes of farm surpluses. It would be a far-seeing national investment, regardless of its adjustment value, in the future fertility of our soil and in the conservation of our water and wildlife resources.

I urge early consideration of my bill, H.R. 11930, extending, expanding, and intensifying the conservation reserve program. The program is scheduled to end with this year's contracts. It would be a grave mistake to let it expire.

There is a danger of this happening. Congress is once again confronted with the possibility that no farm legislation will be enacted because of fundamental differences between the two parties—one in control of the legislative branch and the other in control of the executive. That difference relates largely to methods or systems of price support operations and the degree of control to be exercised by the Federal Government over production or marketing. The Congress will not accept the President's recommendations. The President cannot sign the kind of farm bill this Congress is most likely to pass. We have reached a stalemate which is becoming increasingly costly for both the American farmer and the American taxpayer.

We will not be living up to our responsibilities if we let this stalemate on the most controversial aspects of farm legislation prevent action to meet our most pressing need. That need, as I see it, is to tackle the surplus problem by action to extend and expand the one farm program which is actually reducing surplus production.

Personally, I would prefer to see legislation enacted which deals with some of our urgent price and acreage problems, such as wheat, combined with an expanded conservation reserve program. I am realistic enough, however, to recognize that it is entirely possible that no agreement can be reached on price supports and acreage controls. It is for that reason that I propose we go ahead and enact what can be enacted and what is so sorely needed. I am confident that an expanded conservation reserve, once its potential is fully understood, will receive substantial bipartisan support in this Congress.

It would be tragic if we failed to seize the opportunity which we now have to make substantial progress in eliminating the farm problem.

H.R. 11930

A bill to extend and expand the conservation reserve under the Soil Bank Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the Agricultural Act of 1960.

SEC. 2. Section 108(a) of the Soil Bank Act is amended to read as follows:

"Sec. 108(a). The Secretary shall not later than March 1 of each year determine and announce the national conservation reserve goal for the following year. Such goal shall be the percentage which the Secretary determines it is practicable to cover by contracts during the year for which the goal is established of the number of acres, if any, by which (1) the probable acreage used for the production of agricultural commodities, plus the acreage retired from production because of governmental programs, during such year exceeds (2) the estimated acreage needed for domestic consumption, exports, and an adequate allowance for carryover during such year. The Secretary shall announce the national goal for 1961 within 30 days of the enactment of this section."

SEC. 3. Section 108(b) of the Soil Bank Act is amended by adding at the end thereof the following:

"Effective beginning with 1961, the Secretary shall give special consideration to those States and regions where it is desirable for soil conservation or production adjustment purposes to discourage the production of surplus agricultural commodities."

SEC. 4. Section 109 of the Soil Bank Act is amended:

(1) by amending subsection (a) to read as follows:

"(a) The Secretary is authorized to formulate and announce programs under this subtitle B and to enter into contracts thereunder with producers during the eight-year period 1956-1963 to be carried out during the period ending not later than December 31, 1972, except that contracts for the establishment of tree cover may continue after December 31, 1977."

(2) by amending subsection (c) to read as follows:

"(c) In carrying out the conservation reserve program, the Secretary is authorized and directed to enter into contracts as rapidly as is practicable and consistent with good management in order to reach a national conservation goal, as set forth in section 108(a) of this Act, of hundred per centum at the earliest possible date."

SEC. 5. Effective beginning with contracts entered into after the date of this Act, section 107(b)(2) of the Soil Bank Act is amended by adding at the end thereof the following:

"The Secretary is authorized to provide for payment of the annual payment through the issuance of certificates which the Commodity Credit Corporation shall redeem in wheat or feed grains in accordance with regulations prescribed by the Secretary. Notwithstanding any other provision of law, no producer shall be paid an annual rental payment, or its equivalent in such certificates, of more than \$7,500 with respect to all contracts within a State to which he is a party."

SEC. 6. Section 211 of the Agricultural Act of 1956 is amended by striking out "three years" where it appears therein and substituting "six years."

substantial impact on the acreage and production of surplus crops. With approximately 300,000 contracts in effect and more than 28 million acres under contract, cropland which has been contributing heavily to the surplus build-up in recent years is being withheld from production and devoted to conservation uses under long-term contracts.

During the 1959-60 period, farmer participation in the conservation reserves more than doubled. The acreage of cropland withheld from production almost tripled, and the percentage of whole farms under contract grew to more than two-thirds of the total.

Under the conservation reserve, farmers voluntarily enter contracts to hold cropland out of production and devote it to conservation uses. After 4 years of experience, it is apparent that large numbers of farmers will participate in a program of this type. In each of the last 2 years, farmers have offered land for the program well in excess of the amount that could be accepted.

Calendar year 1960 is the last year for entering into new contracts under present legal authorization. The President has recommended an extension and an expansion to 60 million acres to bring the program to maximum effectiveness, provided the Congress passes legislation to change the price-support programs constructively.

HIGHLIGHTS OF 1959-60

The conservation reserve for the 1959 program year began in the fall of 1958, when the Department went to the field with a program containing a number of changes from the earlier, largely experimental years. The announced annual rental rate was raised from a national average of \$10 to \$13.50, and a greater incentive was offered for whole-farm participation. The acreage reserve for retirement of allotment crop acreages has been discontinued after the 1958 crop season, and the conservation reserve was the only soil-bank program available.

Nearly twice as much cropland was offered for 1959 contracts as could be accepted within the funds available, and a bid system was used to determine priorities. When the signing of contracts was completed in the spring of 1959, more than 12 million acres had been added to the acreage previously under contract. (See table 2.) This brought the cumulative figures on participation to 246,220 contracts with 22.4 million acres of cropland in the reserve, of which 14.8 million acres are on farms on which all eligible cropland is out of production. (See table 3.)

For the 1960 sign-up, held in the fall of 1959, the average per-acre announced rate was continued at \$13.50 with a premium for whole farms, but several program changes were made. Chief of these were the elimination of State-owned land from the program and the requirement that land be owned 3 years to be eligible for participation. The national acreage goal was set at 5.1 million acres.

Reports on the 1960 program to date indicate that this goal is being exceeded. As of February 15, 1960, progress reports from the field indicate that new acreage placed under contract for the first time in 1960 may total 6.5 million acres. (See table 2.) With contracts for about 300,000 acres scheduled to expire in 1960, the net increase for the year would total about 6.2 million acres. This would bring the total acreage in the conservation reserve during the 1960 crop season to about 28.6 million acres. That is more than 6 percent of total U.S. cropland as shown by the 1954 farm census (figures 3 and 4).

HOW THE PROGRAM OPERATES

The conservation reserve is a voluntary program. The farmer who participates signs a contract with the Government to place part or all of his cropland in the reserve.

This means that he will withhold the land from production and protect it with approved conservation uses. Contracts are for a minimum of 3 years; a maximum of 10.

The Government makes an annual per-acre payment for each year of the contract. The maximum annual payment that any producer may receive is \$5,000. This limit was originally determined administratively, but was required by law for 1960. The Government also pays a portion (usually 50 percent) of the cost of establishing conservation uses on the land.

A basic per-acre payment rate is set for each individual farm or part-farm for which it is requested. The rate is based on the national rate (\$13.50 in 1959 and 1960), but is determined for the individual farm on the basis of the productivity of the land and other factors. It may not exceed 20 percent of the value of the land. When all eligible cropland on the farm is to be retired, the basic rate is generally set 10 percent higher than the rate for only part of the eligible land.

After the basic rate has been determined, the farmer may apply for a contract at any figure below that rate. In cases where acceptance of all applications would exhaust available funds in a county or where more land is offered than it would be desirable to retire in 1 year, offers are accepted on a best bid basis, and contracts are offered to successful bidders. Each offer is computed as a percentage of the basic rate for the land offered and acceptance begins with the lowest percentage bid.

Only cropland is eligible for the conservation reserve. Permanent pasture or woodland is not eligible. Generally, the land must have produced a crop or been in a regular crop rotation during the year immediately preceding the first year of the contract. Publicly owned land is ineligible for the program, beginning in 1960, and so is land which has changed ownership (except by inheritance) since December 31, 1956.

The farmer who places land under contract agrees to harvest no crop from the land, permit no grazing on it and keep down noxious weeds. He agrees to comply with any acreage allotments on his farm and to place no new land in cultivation. For most farms, also, placing land under contract requires a corresponding acreage reduction in soil bank base crops (grains, oilseeds, and row crops).

Each year's program is announced as soon as possible after authorization by the Congress. Contracts are signed during the fall and winter months and ordinarily begin April 15 of the first year they are effective.

IMPACT ON ACREAGE AND PRODUCTION

Cropland which has been producing substantial quantities of surplus crops in recent years is being held out of production under conservation reserve contracts.

A study of the 22.4 million acres under contract in 1959 shows that 3.5 million acres were formerly devoted to corn; 3.5 million to grain sorghums; 3.2 million to oats; 2.3 million to wheat; and about 10 million acres to other crops, cropland hay and pasture and special uses (table 1). The 1960 acreage is expected to contain an additional million acres of former cornland and substantially increased acreages of the other crops, as well.

Particularly effective in checking crop surpluses is the retirement of whole farms, which is encouraged by annual payment rates that may run as much as 10 percent higher than regular rates. Approximately two-thirds of the 1959 conservation reserve acreage is in the form of whole farms. A whole farm contract takes in all eligible cropland, including acreage allotment land that would otherwise be devoted to the farm's money crop. Almost 22 percent of the whole farm cropland in the reserve in

REPORT OF THE SECRETARY OF AGRICULTURE ON THE 1959 SOIL BANK CONSERVATION RESERVE PROGRAM

SUMMARY

Going into the 1960 crop season, the conservation reserve of the soil bank is having

1959 consisted of allotment acres. Production adjustment is assured under whole farm contracts because no land remains for more intensive cultivation that might tend to offset the adjustment sought.

When all eligible land on a farm is placed under contract, the farm usually goes out of production entirely. Livestock is sold, and the pasture land and other noncropland is usually retired voluntarily. It appears that heavy participation in the conservation reserve by dairy farmers in the Great Lakes region should contribute to improving the dairy market situation.

The conservation reserve also contains large acreages formerly devoted to major crops which are not subject to acreage allotments, but are eligible for price support. Under contract in 1959, for example, are former grain sorghum acres equal to nearly a third of the country's total grain sorghum acreage as reported in the 1954 Census of Agriculture, as well as sizable acreages of barley, oats, flaxseed, soybeans, vegetables and other crops. (See fig. 1.)

Compared with the use of all U.S. cropland, the land placed in the conservation reserve has been relatively high in acreage of feed grains and low in acreage of cropland hay, rotation pasture, and summer fallow. As shown in figure 2, the percentage of reserve cropland formerly used for oats, barley, grain sorghum, and flaxseed was substantially higher than the percentage of all U.S. cropland used for those crops. Acreage of corn, wheat, soybeans, vegetables, and peanuts was about equal to the national average. On the other hand, only a little more than 20 percent of conservation reserve acreage was formerly in cropland hay, rotation pasture and summer fallow, compared with more than 37 percent of all U.S. cropland devoted to those uses.

Since the average conservation reserve contract covers a period of 5 to 6 years, the land put into the reserve will not be producing any crops for that length of time. This includes both the allotment land and the land customarily devoted to other crops. This helps in holding down surpluses and also reduces price support expenditures, since the volume of crops eligible for price support is reduced.

At yields appropriate for the quality and location of the land under contract, the conservation reserve in 1960 would produce about as much corn as the annual crop of the State of Ohio; nearly as much wheat as Oklahoma produces in a normal year; more cotton than the annual crop in North Carolina; and substantial quantities of other surplus crops, such as peanuts, tobacco, oats, barley, soybeans, sorghum grain, and flax. (See production estimates table 1.)

CONSERVATION ACCOMPLISHMENTS

Every conservation reserve contract requires the establishment of protective cover or other sound conservation uses on the cropland withheld from production. Cover may consist of grasses and legumes, trees or shrubs. Other approved uses include wildlife and water conservation (fig. 6 and table 4).

Trees in the conservation reserve

The conservation reserve has played a major role in the greatest tree-planting program in the Nation's history. During 1959, about 700,000 acres of cropland were planted to trees under conservation reserve contracts.

The heaviest tree-planting activity under the conservation reserve is in the Southeastern States, particularly in Georgia and South Carolina (see fig. 7 and table 4). All tree-planting contracts are for a 10-year period. When cropland goes out of production and is planted to trees, it usually can be considered to be diverted permanently from crop production.

Grass in the conservation reserve

Most popular conservation use of conservation reserve acreage is to establish and maintain grass cover on land retired from production. Of the 22.4 million acres in the reserve through 1959, contracts call for 14.7 million acres to be established in grass with Government cost sharing. (See table 4.) Most of this cover had actually been established as of the end of 1959. In addition, about 5 million reserve acres consist of cropland which is already in acceptable cover or will be established in grass at no expense to the Government.

Texas is the leading State in the establishment of grass cover under the program, followed by North Dakota, Colorado, and Kansas in that order. In these and other Great Plains States, large acreages formerly devoted to wheat and grain sorghums are being returned to native grasses.

Wildlife cover in the conservation reserve

Land formerly cropped but now in grass or tree cover feeds and shelters wildlife. In addition, the program contains specific wildlife cover practices under which cover and food plots for game are planted on conservation reserve acreage. Through 1959, contracts called for a total of more than 206,000 acres of wildlife cover. (See table 4.) This phase of the program has gained the general approval of sportsmen and wildlife organizations.

Ponds in the conservation reserve

Ponds may be built on conservation reserve land for water conservation and fishing. Through 1959, farmers had contracted to build about 6,400 ponds under this program. (See table 4.) These farm ponds, together with grass and tree cover, protect land by trapping water where it falls and retarding the runoff. In keeping with the conservation reserve goal of checking surpluses, ponds built under the program may not be used for irrigation.

Marsh management in the conservation reserve

The conservation reserve also provides for wetland or marsh management practices, under which marshland that has been drained and cropped is restored to wetland use for water and wildlife conservation. Contracts through 1959 call for a total of nearly 12,000 acres to be devoted to this use. (See table 4.)

PROGRAM COST

For the 1959 program year, Congress authorized a conservation reserve program of \$375 million. In planning the year's program, it was estimated that \$37.7 million of this amount would be required to make annual payments on the approximately 10 million acres placed in the program during the 1956-58 period. The rest was available for the first year's payments on new 1959 contracts and to pay the Government's share of establishing conservation uses on the newly contracted land.

On the basis of these facts, the national acreage goal for 1959 was established at 12.5 million acres and the announced national average rental rate per acre was set at \$13.50. With a 10-percent increase for putting a whole farm in the program, the applicable rate could approach \$14.85.

In actual practice, the strong competition for contracts led to a national average per-acre rate somewhat lower than had been estimated. Although more than 83 percent of all 1959 contracts were for all eligible land and thus earned a whole farm rate, the average annual payment for all new acreage under contract was only \$13.56. For all acreage placed under contract during the 1956-59 period, the Government is paying an average rental of \$11.53 per acre. For 1960, preliminary data indicate that the

average rental per acre on a new reserve acreage will be about \$12.60 as a result of still keener competition for a smaller amount of funds.

Generally speaking, it is proving possible to obtain considerably higher quality land than had been anticipated at the rental rates offered. Various reasons are given by rural people for desiring to place land in the conservation reserve. The farmer who withholds land from production in this way is protected against natural crop production hazards and gets an annual return (similar to rent from another farmer) to cover his fixed expenses and the cost of meeting his contract obligations. The conservation reserve is of assistance to widows, farmers in ill health, and older people who wish to reduce farm work or retire. One State reports that about 70 percent of its participants are more than 50 years of age. The program also assists those who wish to shift to nonfarm employment while continuing to live on farms. In these respects, it is speeding up adjustments that have been in progress for some time and ties in closely with the objectives of the rural development plan.

Now that Government cost-share payments for conservation practices under 1959 contracts are largely complete, it is apparent that practice costs for the program to date will be substantially less than had been anticipated. This is partly the result of extraordinarily favorable weather in 1958 and 1959 which produced satisfactory stands of volunteer cover in many areas. It also reflects experience which has demonstrated that satisfactory cover for a program of this type can be established at less cost, through lighter seeding and less use of minerals, than has been customary in establishing stands of grass for use as pasture and hayland.

For 1960, Congress again authorized a \$375 million program. With \$256.2 million needed to make payments on existing contracts, it was estimated that 5.1 million acres could be taken in under new contracts this year with the \$118.8 million remainder.

AREAS OF PARTICIPATION

Farmers in 2,864 counties in 48 States participated in the conservation reserve in 1959. Figure 5 shows cropland under contract on a county basis as compared with total cropland as reported in the 1954 Census of Agriculture.

Among the more productive areas with average or higher participation are the Maine potato country, New York grain area, Georgia-South Carolina grain and peanut counties, the Mississippi delta, Texas blacklands, Kentucky-Tennessee counties of the Mississippi Valley, Wisconsin corn area, Nebraska-South Dakota corn counties and certain important wheat counties in Washington and Idaho.

More than half of all reserve cropland is in the 10 Great Plains States, heart of the Nation's serious wheat surplus problem. Much Great Plains cropland which was planted to wheat under the pressures of the war period is now being withdrawn from crops and returned to the native grasses of the plains.

PROGRAM ADMINISTRATION

The conservation reserve is administered by the Commodity Stabilization Service through its Soil Bank Division, which is under the general direction of the Deputy Administrator for Production Adjustment. The program is operated in the field by the Agricultural Stabilization and Conservation State and county committees, which also administer acreage allotment and marketing quota, price support, agricultural conservation, and other programs.

The facilities of several other Department of Agriculture agencies are used in the

program. The agricultural conservation program service develops program provisions relating to conservation uses. The Soil Conservation Service provides onsite technical assistance to farmers using water con-

servation and certain other practices. The Forest Service, in cooperation with State foresters, provides technical assistance and directs a program to provide tree seedlings required for the conservation reserve. The

Extension Service uses its educational facilities in providing farmers with information about the program and advises as to conservation cover specifications at the local and State levels.

Former use of conservation reserve cropland as compared with use of all U.S. cropland

Crop or land use	1954 Census of Agriculture		1959 conservation reserve acres		1960 conservation reserve acres	
	Acre for crops and land uses	Percent of total cropland	Former land use (acres) ¹	Percent of total reserve acres	Former land use (acres) ¹	Percent of total reserve acres
	(a)	(b)	(c)	(d)	(e)	(f)
Hay and pasture.....	143,750,616	31.3	3,659,000	16.3	4,992,000	17.4
Corn, harvested.....	78,122,557	17.0	3,518,000	15.7	4,579,000	16.0
Wheat, harvested for grain.....	51,361,684	11.2	2,330,000	10.4	3,080,000	10.8
Oats, harvested for grain.....	37,920,704	8.2	3,237,000	14.5	4,082,000	14.3
Cotton, harvested.....	18,855,145	4.1	517,000	2.3	660,000	2.3
Soybeans, harvested for grain.....	16,444,225	3.6	860,000	3.8	1,089,000	3.8
Barley, harvested for grain.....	12,555,936	2.7	1,245,000	5.6	1,616,000	5.6
Sorghum, harvested for grain.....	11,303,915	2.5	3,458,000	15.4	3,837,000	13.4
Flaxseed, harvested.....	5,178,643	1.1	176,000	0.8	599,000	2.1
Vegetables, harvested.....	2,739,994	0.6	113,000	0.5	224,000	0.8
Peanuts, picked and threshed.....	1,270,386	0.3	11,000	0.1	15,000	0.1
Tobacco, harvested.....	1,557,039	0.3	67,000	0.3	84,000	0.3
Dry edible beans.....	1,455,239	0.3	29,000	0.1	39,000	0.1
Irish potatoes, harvested.....	1,210,872	0.3	1,365,000	6.1	1,703,000	5.9
Other crops, harvested.....	29,896,290	6.2	1,034,000	4.6	1,342,000	4.7
Summer fallow.....	28,631,403	6.2	925,000	4.1	1,229,000	4.3
Idle and failure.....	32,077,241	7.0				
Total (includes multiple use) ²	466,334,889	101.2	22,977,000	102.5	29,318,000	102.4
Total (excludes multiple use) ³	459,648,961	100.0	22,422,000	100.0	28,620,000	100.0

¹ Estimated acres which would have been devoted to this use without a conservation reserve program. It should not be assumed that acreage was reduced to this extent below the previous year because some of this land went under contract in each of the years 1956, 1957, 1958, 1959, and 1960.

² Includes acreage devoted to fruits and nuts, which is ineligible for the conservation reserve program, but which is included in census total cropland acreage.

³ Variations between total lines are due to double cropping, crop failure replanted, and similar unusual land uses. Conservation reserve acres reported as of Aug. 14, 1959, for 1959 and estimated Dec. 1, 1959, for 1960.

TABLE 1.—Estimated adjustments in specified land uses and production due to 1959 and 1960 conservation reserve programs

Former cropland use	Estimated acreage adjustment		Estimated production adjustment			Former cropland use	Estimated acreage adjustment		Estimated production adjustment		
	1959 revised	1960 preliminary	1959 revised ¹	1960 preliminary ¹	Units		1959 revised	1960 preliminary	1959 revised ¹	1960 preliminary ¹	Units
	Thousands	Thousands	Thousands	Thousands			Thousands	Thousands	Thousands	Thousands	
1. Corn.....	3,518	4,579	148,099	183,174	Bushels.	13. Irish potatoes.....	29	39	5,900	9,063	Hundred-weight.
2. Wheat.....	2,330	3,080	46,130	61,607	Do.	14. Hay and pasture.....	3,659	4,992	5,854	7,587	Tons, hay equivalent.
3. Cotton.....	517	660	407	491	Bales.	15. Vegetables.....	176	224			
4. Peanuts.....	113	148	106,581	131,905	Pounds.	16. Other crops.....	1,360	1,696			
5. Rice.....	5	7	165	215	Bags (100 pounds.)	17. Summer fallow, idle and failure.....	1,959	2,571			
6. Tobacco.....	11	15	17,296	23,332	Pounds.	18. Total, including duplication ²	22,977	29,318			
7. Oats.....	3,237	4,082	108,115	139,589	Bushels.	19. Estimated reserve acreage ³	22,422	28,620			
8. Barley.....	1,245	1,616	32,626	42,496	Do.						
9. Soybeans.....	860	1,089	18,402	21,236	Do.						
10. Sorghum grain.....	3,458	3,837	122,069	108,984	Do.						
11. Flaxseed.....	433	599	2,686	4,369	Do.						
12. Dry edible beans.....	67	84	683	799	Bags (100 pounds).						

¹ Production adjustment for 1959 is based on 1959 crop yields adjusted for location and quality of reserve acres; 1960 estimate is based on recent normal yield adjusted for location and quality of participating land.

² Item 18 exceeds item 19 because of double cropping, crop failure replanted and similar unusual land uses. Total reserve acreage was estimated based on most recent allocation of authorization funds to States and indicated costs per acre.

USDA REPORTS 6.3 MILLION NEW ACRES IN CONSERVATION RESERVE IN 1960

New acreage placed in the conservation reserve of the soil bank in 1960 exceeds 6.3 million acres, surpassing the announced acreage goal for the program year by more than 1 million acres, the U.S. Department of Agriculture reported today.

The Department said reports from county agricultural stabilization and conservation offices have been tabulated showing a preliminary total of 6,317,946 acres that will be in the program for the first time when the new contract year begins April 15, 1960. The acreage goal was announced last summer at 5,100,000 acres—the estimate at that time of the new acreage that could be taken into the conservation reserve this year with available funds.

The larger acreage accepted for contracts is chiefly the result of two factors: (1) Conservation practices are being established

more economically than in the past; and (2) per-acre annual payment rates under 1960 contracts are lower than anticipated. The competitive bidding system used in awarding contracts has resulted in an estimated average annual rental payment for the new 1960 acres of \$12.90 per acre, compared with a national average per-acre rate of \$13.50 announced in advance for the year. Field reports also indicate that the quality of land placed under contract in 1960 is higher than in any previous year.

The preliminary report for 1960 brings the cumulative total of conservation reserve contracts that will be in effect this year to 305,003 contracts involving 28,432,186 acres. Both annual and cumulative totals will be increased slightly when work is completed on approximately 3,000 contracts still being processed.

Approximately 80 percent of the farmers placing new land in the program for 1960

elected to come in on a "whole farm" basis; that is, to place all their eligible cropland under contract. This is of maximum effectiveness in checking surplus production, since the entire farm is withdrawn from crops and usually from livestock production as well.

Under a whole farm contract, the family may continue to live on the farm, and recent field studies indicate that most of them are doing so. In some instances farmers who would have sold and moved off their farms are retiring and continuing to live on them. Some who have shifted to nonfarm work and are continuing to live on their farms said they would have moved to towns or cities if they had not had the opportunity to obtain a reasonable return from their farm property through the conservation reserve.

New conservation reserve participation will be particularly heavy in 1960 in wheat-producing areas. The five leading States in new

1960 acreage—accounting for more than a third of the total—are Kansas, North Dakota, Oklahoma, South Dakota, and Texas, all major wheat States. During the 1960 crop season the reserve will contain more than 3 million acres formerly devoted to wheat. For other crops, 14 million acres formerly devoted to feed grains, nearly 2 million acres formerly devoted to oilseeds, and 660,000

acres formerly producing cotton will be in the conservation reserve and out of production.

The conservation reserve is a program in which farmers voluntarily sign contracts with the Government to retire cropland from production and devote it to conservation uses, such as grass and tree cover and wildlife shelter. The contracts provide that the Government will make an annual rental pay-

ment to the contract signer and will assist in establishing the conservation use on the land. Contracts may be for 3 to 10 years, depending upon the conservation use to be established and the wishes of the farmer.

The accompanying table shows, by States, the preliminary figures on number of contracts with new 1960 acres, number of new 1960 acres, and 1959-60 cumulative totals on number of contracts and acres:

Conservation reserve program: Contracts and reserve acres for 1960 new participation and cumulative participation (preliminary)

State	Number of contracts with 1960 new acres	1960 new acres	1959-60 cumulative total contracts	1959-60 cumulative total acres	State	Number of contracts with 1960 new acres	1959-60 acres	1959-60 cumulative total contracts	1959-60 cumulative total acres
Alabama	2,141	110,382	8,217	401,100	Nevada			1	13
Arizona			66	7,397	New Hampshire	101	2,409	456	11,911
Arkansas	2,535	147,226	9,552	604,630	New Jersey	367	15,991	1,089	50,627
California	229	40,683	1,091	205,768	New Mexico	5	660	3,505	865,404
Colorado	368	85,789	4,690	1,267,215	New York	3,208	166,858	9,687	511,386
Connecticut	52	1,243	199	4,807	North Carolina	2,477	82,414	7,789	268,307
Delaware	50	2,874	284	18,404	North Dakota	3,979	855,695	12,141	2,661,348
Florida	641	65,603	2,199	231,295	Ohio	3,090	184,679	8,905	619,872
Georgia	4,040	270,407	15,159	1,050,686	Oklahoma	3,720	295,866	16,893	1,471,573
Idaho	465	72,858	1,534	292,538	Oregon	505	50,956	2,278	235,906
Illinois	1,335	99,027	6,157	440,816	Pennsylvania	2,767	135,567	7,362	373,137
Indiana	2,239	137,529	7,837	488,826	Rhode Island	1	25	4	62
Iowa	1,912	175,039	7,690	656,221	South Carolina	3,522	175,462	11,893	635,782
Kansas	2,826	323,596	12,631	1,439,857	South Dakota	3,556	545,567	10,972	1,807,683
Kentucky	1,053	80,648	5,324	373,593	Tennessee	2,034	139,063	7,886	489,058
Louisiana	672	40,734	3,248	214,516	Texas	5,047	417,891	33,769	3,639,465
Maine	775	37,021	2,713	125,225	Utah	157	28,319	654	237,641
Maryland	349	18,290	1,494	85,115	Vermont	225	8,572	1,019	33,662
Massachusetts	29	849	115	2,971	Virginia	695	38,066	2,404	116,287
Michigan	3,773	240,334	11,649	716,041	Washington	534	66,626	2,200	333,207
Minnesota	2,769	219,059	20,762	1,945,674	West Virginia	798	20,986	1,821	58,786
Mississippi	1,126	52,639	5,842	335,991	Wisconsin	4,002	251,796	12,666	767,135
Missouri	2,890	230,052	10,894	831,340	Wyoming	97	22,228	548	124,110
Montana	481	156,384	1,992	606,142					
Nebraska	1,795	203,384	7,392	873,656	Total	75,432	6,317,946	305,003	28,432,186

APPRECIATION FOR THE CARE OF EASTER SEASON VISITORS TO THE CAPITOL

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I want to pay tribute to you, to the employees of the House, to the guides, the attendants in the gallery, and to the police, inside and outside the Capitol, for the fine way they have handled the tremendous crowds that have been milling in and out of the Capitol in the past days. It has been a tremendous happiness to me that such could be the case, because with the crowds there were inside and outside the Capitol there easily could have been a riot without understanding police. Everybody deserves the greatest possible credit and appreciation.

Many, many thanks, Mr. Speaker.

LEGISLATION PROPOSED TO DEFINE THE AUTHORITY OF MONITORS EMPLOYED IN LABOR UNION DISPUTES

The SPEAKER. Under the previous order of the House, the gentleman from California [Mr. KASEM] is recognized for 1 hour.

Mr. KASEM. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. KASEM. Mr. Speaker, today I introduced legislation which was previously introduced by the chairman of our Subcommittee on Claims, the gentleman from Massachusetts [Mr. LANE] pertaining to the scope of the authority of the monitors who are employed in labor union disputes or in labor union affairs. May I say that other Members besides myself have introduced identical legislation. We seek in this legislation to curtail the function of the monitors so that they will not operate and supervise unions but that they be confined to the duty of conserving the assets.

In this bill we put forth what has long been considered by most lawyers to be the law, but developments recently in the Cunningham against English case, or better known as the Teamster case, has caused us to have most serious doubts.

The proposed legislation would amend the Norris-La Guardia Act by prohibiting Federal courts from appointing receivers or other officers to administer or govern the internal affairs of a labor organization, except to preserve assets pursuant to the union election provisions of the Landrum-Griffin Act.

This proposal is intended to insure that the Federal courts will not assume the function of running labor unions.

The proposal keeps unimpaired the traditional judicial power to redress wrongs by the judge's own order. It prohibits only use of the authority of a Federal court to run a labor union. No judge can supervise the running of union by himself; participation of sub-

ordinate judicial officers is necessarily required. The bill proposes to accomplish its object by prohibiting the use of subordinate officers for this purpose, thus leaving traditional judicial power unimpaired. The proposed legislation will not come into play as long as the judge does not delegate any part of his authority to a receiver or similar officer, as long as he is acting himself in the familiar context of judicially cognizable cases and controversies. The principle underlying this proposal is that the function of the Federal courts is to decide particular cases and not to undertake general supervision over labor organizations.

This is a familiar but fundamental principle. Because of it, the Federal courts have refused to impose receiverships even upon business enterprises in the absence of clear proof that no other remedy is available to preserve the assets from imminent danger of dissipation. And except as specifically provided by statute, they have granted receiverships only in few, special cases, most often insolvency. Certainly the Federal courts have never assumed control merely because they believed the business could be run better or with higher morality. Never has a receivership rested on the character of the actual managers, as opposed to the impact of their conduct on the financial standing of the business. Never has a court even hinted that it might entertain a possible belief that it could order a business "into receivership for moral insolvency at the top level." This was the suggestion recently made by Godfrey P. Schmidt, as a basis for imposing a Federal receivership on a labor union. Deposition, April 6, 1960, in

Cunningham v. English (U.S.D.C., D.C. C.A. No. 2361-57, p. 75).

The Supreme Court has consistently condemned receiverships for the sake of receiverships. Time and again it has declared that a receivership must not be granted as "an end itself" (*Kelleam v. Maryland Casualty Co.* (312 U.S. 377, 380), *Gordon v. Washington* (295 U.S. 30, 37)), but only for the few legitimate ends long recognized in the law. Accordingly, the Federal courts have been most reluctant to impose receiverships. Typical is the following statement in *Skirvin v. Mesta* (10th Cir., 141 F. 2d 668, 673):

A court should be cautious and circumspect in the exertion of the remedy because perversion or abuse may work great hardship.

In the case of labor organizations the potential evils resulting from perversion or abuse of the power to impose receiverships are multiplied. Labor organizations are voluntary associations, created and maintained to serve the interests and welfare of the membership. Federal law protects and guarantees the right of the members to select their own officers and determine internal union policies, the freedom of the members to exercise that right, and affords a member redress against violators.

Mr. BRAY. Mr. Speaker, will the gentleman yield?

Mr. KASEM. I yield to the gentleman from Indiana.

Mr. BRAY. I have not read the bill that the gentleman refers to but I have briefly studied the bill introduced by the gentleman from Massachusetts [Mr. LANE], in the Judiciary Committee. Is the bill that the gentleman is introducing or has introduced the same or similar?

Mr. KASEM. It is identical. I might further add that the bill was introduced at the request of a member of the executive committee of the AFL-CIO.

Mr. BRAY. There is one other question I would like to ask. How long ago was it that these monitors were appointed, roughly?

Mr. KASEM. Well, certainly in excess of 1 year ago, in the case of the Teamsters. And in that case they were selected pursuant to a stipulation between the adversary parties. However, the court took it upon itself to extend the time, the original stipulation being for 1 year, and to alter the terms of the stipulation.

Mr. BRAY. Was there any agreement between the parties, in the stipulation between the parties, changing the length of time and the powers of the monitors?

Mr. KASEM. No. I believe, on the contrary, that it was resisted by one of the parties defendant.

Mr. BRAY. I would like to ask another question. At the time these monitors were appointed, as I recall, that was brought about by a suit filed in the Federal court by 13 or 16, some number, of members of the Teamsters Union alleging that the last national election, as I recall it, was rigged; is that correct?

Mr. KASEM. Yes, that is the case. There was an allegation of certain improprieties in the selection of the dele-

gates, and they asked the Federal court to stay—I forget just actually what the legal remedy sought was, but it was to prevent the assumption of the presidency by James Hoffa.

Mr. BRAY. Then, in a general way, they were alleging that the election was unfair and that steps be taken to have a fair election to protect their rights as members and having a fair election; is that generally what happened?

Mr. KASEM. This was the reason for the stipulation, to provide for the appointment of monitors as caretakers and to provide for an election that would be of a proper character.

Mr. BRAY. Now, who was the other party? Was it the International Teamsters Union, or was it Mr. Hoffa and other members of the union, or do you recall?

Mr. KASEM. The defendants in the case were—well, technically, I better be careful about it.

Mr. BRAY. It is not material, but at least there was a suit filed by 13 union members wanting an election?

Mr. KASEM. Yes.

Mr. BRAY. Then the court did not order an election but it appointed these monitors; is that correct?

Mr. KASEM. The stipulation, if I am correct, provided that the plaintiff would appoint a monitor, the plaintiff being the 13 members, bringing a class suit on behalf of the entire membership, and the administration of the union or, in effect, Mr. Hoffa as the defendant would appoint one, and the court would appoint the third monitor, there being three monitors.

Mr. BRAY. Has there ever been an election ordered by these monitors or by the Federal court?

Mr. KASEM. No, there has not been, and there have been repeated requests. There are presently, I believe—I do not know what the figure is—60,000 or 100,000 members of the Teamsters Union that have petitioned for their rights as now provided under the Landrum-Griffin bill for a new election. Prior to that there was action taken by members saying they substituted themselves as the representative parties for the membership holding that the 13 did not act on behalf of the membership in not pursuing the demand for an election.

Mr. BRAY. Now, the original plaintiffs, 13 in number, and those additional ones that have come in, all of those have asked for an election?

Mr. KASEM. Yes.

Mr. BRAY. Generally they have asked for an election. The head of the Teamsters Union, Mr. Hoffa, and the other members, have they asked for an election?

Mr. KASEM. Well, I cannot really answer you, but I understand they want an election very badly and they are now pressing for it.

Mr. BRAY. I have been getting letters from members in my district—I assume they are members of the Teamsters Union—personally I know some of them are—and generally they are asking to be given an election guaranteed, well,

by the Landrum-Griffin bill, I guess. Anyway, it was guaranteed earlier than that. Do you know of any reason why they have not been given the right to have an election?

Mr. KASEM. I could speculate on the reasons arising from the attitude of the court, and so on, but I really have nothing to back it up with. I do not know the real reason. All I know is that they have been denied an election. Perhaps I could enlighten my colleague by reading him a letter written by William Goffen which was published in the "Letters to the Editor" column of the Washington Post, where he deals with this subject. It is not too long and I would interrupt my dissertation long enough to read it. The title is "Monitors in Trouble":

Upon reading your April 12 editorial entitled "Monitors in Trouble," one cannot help but wonder whether the Washington Post, great newspaper though it is, gets all its information on the monitorship from O'Donoghue and Schmidt.

And as an aside I think these two gentlemen were two of the three monitors.

Since when is it in "the public interest" to let two anti-Teamster monitors, O'Donoghue and McShane, function while barring a Teamster representative? William E. Bufalino, a lawyer and union official, should not be blacklisted by reason of a metaphor applied by a publicity seeking, labor-baiting Senator.

Since I do not know who that is, I cannot be accused of violating a personal privilege.

Certainly the Teamsters have a right to the representative of their choice, subject to removal only for just cause, at least as clearly as the dissident union members had to representation by Schmidt until his resignation after the Court of Appeals for the District Circuit found him guilty of conflict of interest.

And when did it become a monitorship obligation "to purge the union," especially since the Secretary of Labor has found full compliance with the Landrum-Griffin Act provisions prohibiting the holding of office by persons convicted of certain crimes? The primary purpose of the consent decree of January 31, 1958, was the holding of a new election of union officers in 1 year, after which the monitorship was to be dissolved.

Instead, the monitorship has succeeded in turning its appointment into a perpetual political plum, costing the rank and file so far about \$1 million. While the monitors have thus found it profitable over the past 2 years to publicize that purging the union is a prerequisite to an election, actually an election by secret ballot could have been arranged within 3 months, as has been attested by the Election Institute, labor election specialists.

The deprivation of 1.6 million Teamsters of their right to vote for the international officers of their choice is no more defensible, legally, than to deprive stockholders of the right to vote for the officers of their corporation.

Instead of furthering the public interest, the dangerous precedent created by such lawless action is a threat to all segments of our economy far transcending any monitorship threat to Hoffa. If, instead of trying to get Hoffa, the monitors performed their lawful functions, they would at long last permit an election, the democratic way for "purging" any group.

I hope that helps to enlighten my colleague.

Mr. BRAY. One more question, if the gentleman will permit. Does the gentleman believe that his bill, if enacted, would get for the Teamsters Union—I am not talking about Mr. Hoffa, but for members of the Teamsters Union—the right to elect their officials?

Mr. KASEM. I would hope it would. I cannot assume that that would necessarily follow, but I think that it would probably follow: The monitors have an assigned function. If they were limited by law in the supervisory activity that they have usurped for themselves they would then, perhaps, get to the business that they were created for and provide an election so that the 1.6 million Teamsters in the United States could elect their representatives and let them pass on the character of their officers, which is the democratic process.

Mr. BRAY. Has the gentleman made any study as to any legislation that might be better than this that would give them the right to elect their own officials as they see fit?

Mr. KASEM. There was a bill passed in this Congress some time back which is popularly known—I do not know if it is popularly known, but is commonly known—as the Landrum-Griffin bill. That bill contains provisions that would effect that end. So far it has failed to achieve that result.

Mr. BRAY. Plainly they have not had their election. I am trying to find some method whereby the members of any union through the democratic process can elect their leadership. This is my only interest, not for any special individual, but it is the handling of it in the democratic way. I frankly thought that there was legislation that did give them that right. At least, if there is such legislation something has failed in the administration of it because up until late today they had not got the right to have their election.

Mr. GRIFFIN. Mr. Speaker, will the gentleman yield?

Mr. KASEM. I yield to the gentleman from Michigan.

Mr. GRIFFIN. In order at least to have the record straight, would the gentleman agree with the fact that the Teamsters election out of which grew the appointment of the monitors took place prior to the enactment of the labor law last year?

Mr. KASEM. Yes.

Mr. GRIFFIN. The law applies prospectively, and applies to elections held after that date. Would the gentleman agree with that?

Mr. KASEM. Yes. It applies insofar as any provisions that would be in effect as to the results of the election.

Mr. GRIFFIN. In other words, any election held after the effective date of the act could be challenged under the provision of that act, but any election held prior to that act would not be subject to that act.

Mr. KASEM. No, I think the election was successfully challenged without the need or use of the Landrum-Griffin bill.

Mr. GRIFFIN. That is right, it was challenged before the act became ef-

fective and the monitors were appointed pursuant to a consent decree.

Mr. KASEM. Right.

Mr. GRIFFIN. I think that somewhat clarifies why this act is not completely applicable.

Mr. PUCINSKI. Mr. Speaker, will the gentleman yield?

Mr. KASEM. I yield to the gentleman from Illinois.

Mr. PUCINSKI. Within the framework of that explanation as to the effective date of the act, is it not correct that the election that had been held in the Teamsters' Union prior to the passage of the act had been set aside by the Court when the monitors were appointed under a consent decree?

Mr. GRIFFIN. No; if the gentleman will yield for a reply, I do not believe the election was set aside. As I understand it there was no further challenge to the election after the parties entered into a stipulation agreeing to entry of a consent decree allowing Mr. Hoffa to continue as president provisionally. This was an arrangement agreed to by the parties to the litigation.

Mr. KASEM. May I address a question to the gentleman from Michigan? The gentleman from Michigan does agree with me that the present arrangement was made for the purpose of having subsequently thereto, or provisionally, an election that would satisfy the courts of the democratic process?

Mr. GRIFFIN. Certainly, it is my understanding that the original petition of the 13 dissident members was for that purpose, and if the attorneys or those representing the Teamsters Union at the time had not agreed to a consent decree, I believe the probable outcome of the proceedings would have been a new election. But instead of allowing the proceedings to take a regular course, the parties agreed to entry of the consent decree which permitted the court, without challenge to its jurisdiction, to appoint the monitors.

Mr. KASEM. Does the gentleman contend that the monitors' notice to provide an election or that this monitorial arrangement supersedes an election?

Mr. GRIFFIN. No, I would suppose that in due course the court would order a new election. I would imagine, though, that it might be of interest to the members of the Teamsters Union to see the outcome of the present litigation in which Mr. Hoffa's right to serve as the president has been questioned. I believe that trial is about to begin. I think the people of the country as well as the members of the Teamsters Union might like to see what evidence is developed in that proceeding.

Mr. PUCINSKI. Mr. Speaker, will the gentleman yield so I may propound another question to the gentleman from Michigan [Mr. GRIFFIN]?

Mr. KASEM. I yield.

Mr. PUCINSKI. Is it correct then that without the consent decree that was entered into, setting up the present president as a provisional president, one of the duties of the monitors was to create a situation and set up a situation where in the election would be held. And do I understand the history of this case properly in assuming this particular road

was taken at that time because there was no law on the books to deal with this particular situation? Subsequent to that, the 1959 act was passed and now there is machinery for finding redress of grievances in the words of the phrase used by the dissident group. Is my understanding of that quite correct along those lines?

Mr. KASEM. I yield to the gentleman for a reply.

Mr. GRIFFIN. Of course, I cannot tell you what was in the minds of the parties when they entered into the consent decree. I am not particularly trying to pass my judgment on the advisability of setting up the monitorship in the first place. I arose originally only to comment on the jurisdiction of the court to do so and the applicability of the new labor law.

Mr. KASEM. I would like to ask the gentleman from Michigan, who is a co-author of the Landrum-Griffin bill, if he feels it is proper for a Federal court to take supervisory powers over a labor organization and to manage the affairs of a labor organization.

Mr. GRIFFIN. I certainly think whenever a court of equity assumes such power and appoints a receiver or appoints monitors or otherwise takes over an organization, whether it be an association, a corporation or a labor union, it should be a very unusual situation for it is an extraordinary procedure to be exercised by a court. There is no question about that. Whether or not, and for how long this receivership or monitorship should continue, I certainly am not going to pass judgment. There are remedies available to the parties. If the court of equity exceeds its power, the situation can be corrected by appeal to a higher court.

Mr. KASEM. May I ask the gentleman, when such a situation as this arises, should it not be the object of the court and its officers to bring that situation to a halt and terminate the jurisdiction of the court as soon as it is practicable to do so?

Mr. GRIFFIN. I think as a general proposition that is a good statement. I certainly would not comment on what would be the appropriate length of time in this particular proceeding and I do not think this is in our province nor would it be appropriate for us to do so.

Mr. KASEM. Wherever it appears that a situation was created because of improprieties in an election and that this could be corrected by the holding of a new, proper, and correctly held election, that should be expedited as soon as possible; would that not follow?

Mr. GRIFFIN. I can only recall for the gentleman the fact that the monitorship was established by the consent-decree agreement of the parties to this litigation. If they do not like this position, it should be recalled that they put themselves in it.

Mr. KASEM. Yes, and I might remind the gentleman there is no provisional law that permits a court to continue a stipulation beyond the agreed time or to alter the provisions of it, as has been done here.

May I go on and finish my statement?

It is abhorrent to our system to allow outsiders, and particularly judicial officers, to supersede this right of union members or dictate to the union, through receivership or other supervisory techniques, the practices or policies or officers it may or may not have.

This is not to say that unions are or should be immune to general legal standards; or that courts may not protect the rights of union members as established by law. But determination of what general policies and standards are to govern the internal affairs of unions is a legislative, not a judicial, prerogative. And Congress has fixed such policies and standards as it wished to establish in this area in the Landrum-Griffin Act.

The fundamental principle underlying that legislation is that ultimate responsibility for operating a union, for its policies and its choice of officers must be lodged in the membership. Secretary of Labor Mitchell expressed it as follows, in testifying for the bill:

The administration does not believe that the Government should inject itself into the internal affairs of any organization more than is absolutely necessary to correct the evils which must be remedied. We believe that it is wise to proceed cautiously and to leave as much as possible to the responsibility to improve their own organizations which informed union members may be expected to exercise when they have access to the necessary information and the right by secret vote to select and to remove the officers whom they entrust with administration of their organization.

Congress intended that this policy apply in the case of union elections. This is demonstrated by the following comment in the Senate committee report:

One final point is significant. Since union business must not be brought to a standstill whenever an election is challenged, it is necessary to make some provision for the conduct of business while the proceeding is in progress. It would be intolerable for the Government to appoint outsiders to act as receivers. . . . A union election should be presumed valid until the contrary can be reasonably established. There would be the least disruption of normal procedure within the union if they were continued in office. However, the ultimate decisions upon this point should be made by the labor unions themselves (S. Rept. No. 187, 86th Cong., 1st sess., 22 (1959)).

The provisions of the act effectuate this policy of leaving the final determination to the membership under all circumstances. Even where the Federal court and the Secretary of Labor find that a union election has been "rigged" or otherwise invalid, Congress prescribed that the officer may not be removed except upon a membership vote—section 402. And even if there is a finding that the union officer has been guilty of serious misconduct in office, the ultimate remedy is a membership vote on his removal. Section 401(h). If the membership votes to retain him, he stays in office. His background may be unsavory; his election may originally have been obviously invalid; his misconduct in office may be gross. But if the membership so desires, he retains his union office. In no circumstance can a union officer be removed if the membership desires to retain him in office.

The clear, deliberate congressional policy in Landrum-Griffin is that the union membership decides who its officers shall be, the union membership exclusively. It is not the courts. It is not the Secretary of Labor. It is not the complaining member or any dissident minority. It is not any outsider and certainly not any public official. Congress could obviously have qualified the exclusive control of the membership; it did, after all, assign certain roles to the Secretary and to the courts. But Congress was very clear and certain about the fundamental values of democracy and free associations which it was intent on preserving and protecting.

This legislation is essential to maintain that congressional purpose. To permit a Federal court to run a labor union is to frustrate the policy carefully enacted by the Congress. To permit a Federal court to regulate the qualifications of candidates for union office, or to veto any particular individual, is the antithesis of the policy expressed in Landrum-Griffin. The purpose and the effect of that act is to vest sole and final selection of union officers in the union membership. The proposed legislation insures this result by prohibiting Federal courts from making the decisions and choices which Congress has reserved for the membership.

This legislation is necessary to preserve the reputation, dignity and stature of the Federal courts. Just as the Norris-La Guardia Act was necessary in the face of injunctions in labor disputes, this proposal is necessary in the face of receiverships or monitorships over labor organizations. That judicial officers should supervise labor unions is contrary to the fundamentals of our jurisprudence. It involves the courts in performance of legislative and administrative—that is, by definition, nonjudicial—functions. Moreover, it is destructive of the standing of the Federal judiciary, for it casts the court in the role of partisan, striving to attain a predetermined objective, rather than in the accustomed role of adjudicator of causes under law. And it is further detrimental to the welfare of the judicial system because it bogs the courts down in a morass of details and controversies arising from monitorial assumption of the tasks of administering a labor union.

These evils are illustrated by the course of *Cunningham v. English* (U.S. District Court for the District of Columbia, Civil Action No. 2361-57). In that case, as a result of a consent decree, pending conduct of a new election and convention, the court undertook to supervise compliance by officers of the Teamsters Union with provisions of the international constitution, to police their observance of fiduciary standards and to institute administrative and procedural reforms within the union. This was to be accomplished through the device of a three-man board of monitors, officers of the court, one to be designated by the plaintiffs, one by the defendants and one by the parties jointly. This device has not been successful in achieving results or in bringing the litigation to an end. Indeed, although the protections afforded

by the Landrum-Griffin bill themselves guarantee that a fairly and honestly conducted convention and election may now be held and that officers as elected will fairly reflect the democratic choice of the membership, a new convention is being blocked in order to perpetuate judicial control over the union. Since the monitorship will terminate only after a new election of officers, the end of the case is nowhere in sight. The court has become embroiled in internal union controversies and its very impartiality has been publicly questioned.

There has been sharp controversy not only between the Board and the union; but, in addition, within the board of monitors itself. For a considerable period the plaintiffs' monitor, who was also the plaintiffs' attorney, and the jointly nominated monitor saw eye to eye and voted together, with the monitor nominated by the defendants frequently in opposition. The plaintiffs' monitor, faced with conflict of interest charges, resigned. His successor at first agreed with the jointly nominated monitor and then, on important issues, began to oppose him and to vote with defendants' monitor. Judge Letts thereupon removed the plaintiffs' monitor, because, the Wall Street Journal says, the judge thought "he did not have his heart in his work."

To replace him the court appointed a former FBI agent who had earlier investigated Hoffa. He was nominated, however, by Godfrey P. Schmidt, the original attorney and monitor for the plaintiffs, who was discharged by the plaintiffs. Schmidt had already been repudiated by his clients before he nominated McShane as plaintiffs' monitor. Moreover, when the defendants' monitor asked to resign for reasons of health, the court refused to allow him to do so.

Furthermore, over 160,000 members of the union are now seeking to intervene in the suit, claiming that the membership is inadequately represented by the 13 members who originally brought suit in a class action nominally on behalf of all members. Those seeking intervention claim that the court, through a majority of the board of monitors, is determined to oust Hoffa and prevent him from running for union office without giving the membership an opportunity in a free, fair and honest election to vote for or against him. They claim that the monitorship is being deliberately prolonged until that goal has been accomplished. They say that the litigation is being maintained, not in the general membership interest, but to foster the interests of a dissident minority represented by plaintiffs, as against the majority of the membership.

The damage this has wreaked upon the Federal courts is reflected in the April 6, 1960 editorial of the Wall Street Journal. This editorial pointed out that the record in the case left the court open to a charge of "rigging" the board against Hoffa. It decried the fact that "a Federal court has become as entangled as this one in trying to manage the Teamsters." With evident regret it observed that "a Federal judge with other

judicial duties has to spend a great deal of time trying to run a labor union." This kind of public comment, particularly if it is justified, does harm to the Federal courts which the Congress should prevent.

This proposed legislation will enable the Federal courts to devote themselves to their normal judicial functions, without the need to consider or undertake the administration of a labor organization. This legislation will further the purpose of having union membership, rather than judicial officers, run labor unions. It is consistent with the fundamental nature of our economic and political system, and with Congressional legislation in this field. This proposed legislation should be supported and enacted.

Mr. O'NEILL. Mr. Speaker, will the gentleman yield?

Mr. KASEM. I yield.

Mr. O'NEILL. I want to congratulate the gentleman from California, Mr. Speaker, on his fine remarks and to say that I am in favor of the bill filed by my colleague from Massachusetts [Mr. LANE]. Possibly tomorrow, or within a day or two, I intend to introduce a similar bill.

I had a few remarks to say the other day when I believe the gentleman from California and other Members were talking about the Teamsters Union. I explained about the Teamsters Union in Massachusetts. That is the only place with which I am familiar with them. I know Nick Morrissey who is the New England regional director for the Teamsters. I have a very high regard for him as a friend and neighbor and all who know him, who live near him or have dealings with him have the same high regard for him that I have.

Last year we passed the Landrum-Griffin Act. I was one of 50-odd who voted against it. I voted for all the substitutes, I believe, with the exception of the Shelley bill. The Landrum-Griffin bill is the law of the land. I think it is a ridiculous situation when you take into consideration the fact that the Teamsters Union are paying about \$2,000 a day, coming out of the pockets of the hard-working men who drive these over-the-road trucks and who are responsible for our great highway transportation freight hauling system in this Nation, that they should have to pay at the rate they are presently paying for this board that has been set up by the court.

The Landrum-Griffin bill is the law of the land, and I think as the law of the land it should take precedence and take the place of the present setup. I think the legislation that has been introduced recently on this subject should be passed by the Congress. I think the judge should step out.

If there is anything wrong with the Teamsters Union—I am not arguing whether they are clean or not clean, for as I say all I know is the local situation in my State, but I believe a national election should be held, and I believe once and for all the law of the land should be lived up to and we should get rid of the monitor system as presently set up.

Mr. KASEM. I thank the gentleman from Massachusetts for his remarks. I

may say also that I have had but little contact with the Teamsters Union, but those few members of the Teamsters Union I have known have seemed to me to be persons of splendid character. I did not introduce this bill for the specific purpose of helping Mr. Hoffa or the Teamsters Union or any private group.

Mr. O'NEILL. I understand how the gentleman feels. I feel the same way. I may say that in the past 10 days my office has been barraged by members of the Teamsters Union, and I mean by the rank-and-file members of that union. I live in a metropolitan area in a city which is comprised of hard, honest-to-goodness working men. Throughout my political career I have come in contact with a great many men in all types of unions. I also have surveyed the letters that have come through. It is not a run-of-the-mill letter. These are written by men who have confidence in their own local, realizing it has done for the working men of our area a great good. They are sincere when they write me, and they are truthful with me when they ask their Congressman to give them some help in this matter.

Again I want to congratulate the gentleman from California for his outstanding courage and for the remarks he has made on the floor of the House this afternoon.

Mr. KASEM. I thank the gentleman for furnishing this information. It simply strengthens my resolve that legislation will be enacted so that the Federal courts cannot take unto themselves the jurisdiction of the monitoring of a labor union. Obviously this would take us back to the pre-Norris-La Guardia days when the injunction was the device used to beat labor unions into submission. Now a new device has been created, and all we need for this device to be employed is a Federal judge with anti-labor tendencies.

Mr. O'NEILL. May I say at that point I am highly in agreement with the gentleman.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. KASEM. I yield to my distinguished majority leader.

Mr. McCORMACK. I concur in the remarks made by the gentleman from Massachusetts [Mr. O'NEILL]. I know Mr. Morrissey very well. I have known him for many years. He is a dedicated American. He is one of the most able, outstanding labor leaders I have ever met. In any situation that exists a distinction must be drawn, it seems to me, between the members of the Teamsters Union throughout the United States and any individual or individuals therein. I am not passing judgment on any individual or individuals. The Teamsters Union nationally is composed of American citizens. Their patriotism has never been impugned or attacked. The members of that union are good citizens in their various communities and from my observation of them in Massachusetts they are a very powerful, dynamic union, an organization composed of men of real patriotism who are for a strong America. My relation with them throughout the years has been a most

pleasant one. I have profound respect for them—for the leaders in the New England area and for the members of the union itself. I have respect for members of organized labor as American citizens. Care should be taken to differentiate between an individual here and there and a great organization like the Teamsters Union, either locally or nationally.

Mr. KASEM. The encouragement of my majority leader means a great deal to me, and I am very grateful for his remarks.

I would further point out that not only does the monitor system as it is presently used constitute a threat to labor unions but it stands also as a threat to all business enterprise and all fraternal activities throughout the land. It is a precedent that could be equally applicable in any such circumstance; therefore, I feel it is of vital importance and most timely that we should limit this activity in its embryonic stage so that it will not grow to be a shadow over the conduct of all human affairs—commercial, economic or otherwise.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield further?

Mr. KASEM. I yield.

Mr. McCORMACK. I might also say there is another gentleman who is one of the top officials in the Teamsters Union, Mr. John English, who my friend, the gentleman from Massachusetts [Mr. O'NEILL] knows. He is one of the finest gentlemen I have ever met, and certainly an outstanding labor leader and a dedicated American. I have never met Mr. Hoffa. I met Mr. Beck once when he came into my office several years ago. He came in to see me then in connection with the proposed increase on gasoline, and he hoped that the increase on diesel oil would not be any greater than the increase on gasoline because of the competitive disadvantage it would give to the truck transportation business as against the railroads. I thought he made out a case. And, as you will remember, the increase on diesel oil was the same as the increase on gasoline when we passed the road bill in connection with the Interstate Highway System. Politically Mr. Beck, they tell me, is a Republican, and I also understand Mr. Hoffa is a Republican.

Mr. KASEM. That is my understanding, that Mr. Beck was the chairman of labor for Eisenhower, and I am told that Mr. Hoffa was a member of that committee of labor for Eisenhower. It seems that they have been badly used, does it not, compared to others who have supported Mr. Eisenhower?

Mr. McCORMACK. I just made that passing observation that my recollection is that Mr. Beck was very prominent in the Republican Party. I kind of thought he should have been grateful the following election for what we Democrats did for him, but in the exercise of his judgment he again supported the Republicans in the fall election. I do not personally know the party politics of Mr. Hoffa, but I have been reliably informed that he has been a very strong Republican all his life.

Mr. KASEM. I do not know about him being a very strong Republican, Mr. Leader.

Mr. McCORMACK. Well, a Republican.

Mr. KASEM. I am informed by the press that he endorses me, which shows that his judgment can be excellent.

Mr. McCORMACK. Well, I would endorse the gentleman, so I will make it on the ground that my judgment is excellent.

Mr. KASEM. In that we all concur, Mr. Leader, that your judgment is excellent.

Mr. GRIFFIN. Mr. Speaker, will the gentleman yield?

Mr. KASEM. I yield to the gentleman from Michigan.

Mr. GRIFFIN. It is interesting to note that those on the other side of the aisle do not want to claim Mr. Hoffa or Mr. Beck as members of their party. I want to make it clear that we do not claim them either. I recall an instance, for example, in the 1958 campaign in Michigan, that the Teamsters Union allegedly contributed some \$11,000 to the Democratic candidate for prosecuting attorney in Wayne County, where Detroit is located, and that on many other occasions, as is well known, Mr. Hoffa and his Teamsters Union have contributed to and supported candidates for the Democratic Party as well as the Republican Party on occasion.

Mr. KASEM. When was this that they contributed?

Mr. GRIFFIN. In 1958.

Mr. KASEM. In 1958? I believe that Mr. Rogers was the Attorney General of the United States at that time. I cannot understand why he did not prosecute under the provisions that forbid labor organizations to make campaign contributions.

Mr. GRIFFIN. That is a very interesting question. Will the gentleman allow me to discuss it for a few minutes?

Mr. KASEM. I would like to have the gentleman explain why the Attorney General did not prosecute.

Mr. GRIFFIN. There is a very good reason. The Corrupt Practices Act, which is a Federal statute, prohibits a corporation or a labor union from contributing funds to the campaign of candidates for Federal office, but there is no prohibition in Federal law to prevent contributions by a union to the campaign of candidates for State or local offices.

Mr. KASEM. I suggest the gentleman has supplied a perfect answer why the Attorney General did not prosecute. I thank the gentleman.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield further?

Mr. KASEM. I yield.

Mr. McCORMACK. Just to have the record clear, my remarks were not claiming anybody. I just simply made a passing observation that Mr. Beck was a Republican politically, which he has a right to be. As I understood it, Mr. Hoffa is also a Republican. The gentleman from Michigan [Mr. GRIFFIN], disclaimed wanting to have him in the Republican Party. It would be rather interesting, if Mr. Beck or Mr. Hoffa should read this colloquy, to know the thoughts running through their minds when they go back through the years and search their mind and conscience, as to their loyalty to the Republican Party in the

past. As I say, as I understand, both are Republicans. It is not a question of our claiming anything. My friend, the gentleman from Michigan, has disclaimed them. It puts the Republicans in the position of disclaiming.

May I say this, also? Fortunately, in America, it is not the right of a political party to say to anybody, "You are permitted to be a member of our party." It is the right of the individual American to be Republican or Democratic or independent. No party passes upon the membership of any citizen and no party can oust any citizen, fortunately, under our political setup in the United States.

So far as I am concerned, having made just a passing observation as to the political loyalties of Mr. Beck and Mr. Hoffa, I see nothing from them that they are not still interested in the Republican Party and that they are not still Republicans.

Mr. KASEM. Mr. Speaker, I think if Mr. Hoffa were to read the remarks of our colleague from Michigan [Mr. GRIFFIN] and see that the Republican Party has disclaimed him he would smart, because there is no serpent sting like ingratitude. I am neither denouncing nor defending Mr. Hoffa. I met Mr. Hoffa on one occasion when he was most gracious and cordial to me, and I appreciated it as I do when any person is gracious and cordial to me. Mr. Hoffa said very fine things about my being a courageous person who was willing to lay his political career on the line and I yield to such flattery and I am taken in to some small extent. But I am willing to judge Mr. Hoffa objectively. So far as I know he has prevailed in the only tribunal where he has been brought, where he was permitted to put on a defense. Condemnation of him arises out of the proceedings of the McClellan committee, which hardly seemed impartial and where there were political overtones and implications. My other impressions, of course, come from the press, which I have learned "to take with tons of salt."

Mr. ROOSEVELT. Mr. Speaker, will the gentleman yield?

Mr. KASEM. I yield to my colleague from California [Mr. ROOSEVELT].

Mr. ROOSEVELT. Mr. Speaker, I thank the gentleman for yielding to me. I want to apologize to him for the form of the question I am going to ask. It may be that it was covered in the debate but unfortunately I had to be at another committee hearing.

Mr. KASEM. Repetition is no novelty in this House.

Mr. ROOSEVELT. May I ask the gentleman whether it has been brought out that the so-called Griffin-Landrum bill passed last year in section 401(h) calls for a proceeding which may be started by any rank-and-file member, by request to the Secretary of Labor who, under proceedings then set up by the Secretary of Labor, calls for ouster proceedings, and a vote by the union members; so that if there is any question as to whether or not Mr. Hoffa should or should not be eligible to run again for reelection at a convention which, of course, is called for under section 402 of the act, this proceeding is open to any rank-and-file member; so

that Mr. Hoffa's eligibility for reelection by direct charges calling for an ouster can be had before the convention?

It would therefore seem, under this circumstance, that there is mighty little excuse in this or, for that matter, from here on in, in any other matter, for the courts deliberately to take over and to run a union's affairs, inasmuch as that act last year, much of which I am in very great disagreement with but which in these particular provisions at least, covers this case beyond any question. So that I would ask the gentleman if he would not agree that under these conditions most certainly the court should abandon the present proceedings and allow the law to take its effect and allow the rank-and-file teamsters to make their own decision.

Mr. KASEM. I think the gentleman knows that I do agree. In answer to his first concern, that it might be repetitious, we did touch upon the issue but not with such specificity and clarity as the gentleman from California has put forth.

Mr. ROOSEVELT. It may also have been touched upon in the debate, but I think it is of interest that this afternoon Judge Letts disqualified himself from any further proceedings in this case, and another judge will now take over. In the meantime, over 40 other cases are pending in the Federal courts as the result of this one case, which obviously indicates to me that additional expense and additional litigation are being piled one upon the other. I think the time has come, and I hope the new judge will see it this way and that he will take whatever steps have to be taken to resolve this matter by letting the normal course of the law, as it is now written, take care of the matter.

Mr. KASEM. My colleague from California has brought forth a most cogent point which I have heretofore failed to put forth that is strengthening the argument that the court has no place in operating and managing a union's affairs. That is the argument that by the sheer amount of the detail of the task assigned, the court cannot do it, or the courts could not engage in any other activity whatever. The function of the court is to decide cases and controversies between individuals. This is a usurpation and diversion from that basic fundamental duty of the courts.

Mr. PUCINSKI. Mr. Speaker, will the gentleman yield?

Mr. KASEM. I yield to the gentleman from Illinois.

Mr. PUCINSKI. I wanted to direct a question to the gentleman from California [Mr. ROOSEVELT]. In an earlier part of this colloquy the coauthor of part of last year's Labor Management Disclosure Act the gentleman from Michigan [Mr. GRIFFIN], if I understood him correctly, said there was general agreement that there is here now sufficient language and provision in that act to deal with this particular situation as concerns the Teamsters. The question I should like to direct to the gentleman from California [Mr. ROOSEVELT] is whether he or anyone else has any direct knowledge whether or not any locals of

the Teamsters have directed such a request to the Secretary of Labor. The gentleman has pointed out that section 401(a) contains provision that upon request to the Secretary of Labor by any aggrieved party of a labor organization this machinery goes into action. Does the gentleman know whether such a request has been made? I do know that requests have been sent to many Members of Congress, but can the gentleman say whether or not a request was made of the Secretary of Labor under the terms of the act?

Mr. ROOSEVELT. To the best of my knowledge no such request has been made, for two reasons, either of which would probably be effective. First, one would hesitate to do that with the matter directly before the court.

Second, anyone who wanted to ask for ouster proceedings would obviously be an enemy of Mr. Hoffa, someone who would feel that the longer they could keep the thing going in the present condition the more likely they were to have this thing alive and in its presently completely chaotic position.

Those reasons are probably the basic reasons why such a request has not yet been made. However, should the court resolve the matter by dropping its position, then it would force Mr. Hoffa's enemies or anybody who thought Mr. Hoffa was not doing a proper job within the rank and file to leave that as the one way by which to accomplish whatever they wanted to accomplish.

Mr. PUCINSKI. It is my understanding that there does not necessarily have to be an adverse party asking for an election. It is my understanding that any local of the union can ask for this type of election. It does not have to be an adverse party.

Mr. ROOSEVELT. I would say that the position of the gentleman from Illinois is absolutely correct, but, of course, if he does that he will be labeled within the union as an adverse party although it might be arranged that someone else might do it for the simple purpose of clarifying it. So far as I am concerned that would be the statesmanlike thing to do, if Mr. Hoffa wishes in order to prove his innocence, to get a fair trial before this body representing the union. I think that is what would have to be done in order to have the matter settled.

Mr. PUCINSKI. I think the gentleman has now put this thing in the proper perspective, namely, that there is relief and many of the locals have in good faith written to Members of the Congress seeking relief under the 1959 act. Perhaps, they are in the right church, but in the wrong pew. Perhaps, now they ought to direct these requests to the attention of the Secretary of Labor so that he can implement the 1959 law and bring some order out of the chaos that exists in this whole situation.

Mr. ROOSEVELT. But not until the Federal court had dropped the matter. Perhaps, he might be held in contempt if he did that prior thereto. If I were an individual member, I do not think I would run that chance, especially, as long as Judge Letts was there. Now that he is not there, however, still that

is a problem I would rather not have until the Federal court dropped the matter.

Mr. PUCINSKI. I thank the gentleman from California.

Mr. KASEM. Mr. Speaker, I thank the gentleman from Illinois [Mr. PUCINSKI] and the gentleman from California [Mr. ROOSEVELT] and the gentleman from Michigan [Mr. GRIFFIN] for their assistance in this debate and for clarifying to some extent for the American people the issues that are involved in this monitor type situation that we presently find here.

Mr. Speaker, if I have obtained unanimous consent to revise and extend my remarks, I will yield back the balance of my time and I know my colleagues will extend to me an ovation of great gratitude for that.

The SPEAKER pro tempore (Mr. SMITH of Iowa). Without objection, it is so ordered.

There was no objection.

THE PRESIDENT'S PRESS CONFERENCE REMARKS ON WILLIAM R. CONNOLLE

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from Connecticut [Mr. DADDARIO] may extend his remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. DADDARIO. Mr. Speaker, I placed in the RECORD yesterday a statement urging the reappointment of William R. Connole to the Federal Power Commission. This morning, President Eisenhower, apparently indifferent to the wide support for Mr. Connole, said he has no intention of making that reappointment.

This is disturbing to me and, I am sure, to the millions of consumers on the east coast and in the Nation who have come to regard Mr. Connole as a defender of their interests.

The President said at his press conference that he thought he could find a better man. I shall certainly watch with interest to see who he feels meets this definition. I have learned in my lifetime someone who uses the phrase "better man" ought to be asked immediately—better for whom?

Here we have a man who has a proven record in support of the consumer. He is an able lawyer, whose views in more than one critical case have been upheld by the highest court in the land. His training in the field of utilities regulation has been outstanding and he has a dedicated interest in the basic principle underlying our regulatory agencies—the control of economic forces for the good of all the people.

If he is dropped now, and if the administration's new appointments follow the speculation which has been rampant, there is not going to be anyone on the Commission from east of the Mississippi River. That is a gap in representation which ought to be avoided. Just as disturbing will be the loss of a man who

has had the interests of the consumer at heart, one whom I have seen described as the most consumer-minded man ever to serve on this Commission.

I return to the question, then, better for whom? I hope the new man will not be better for those who believe that higher prices are a natural thing to seek and to receive. We are all well aware that the Nation recorded this week, under this same administration, the highest cost of living index in its history.

THE ELDER STATESMAN SPEAKS—LISTEN

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. MULTER] may extend his remarks at this point in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. MULTER. Mr. Speaker, there is no more inspiring American on the contemporary scene than Elder Statesman Bernard M. Baruch. We could not learn more at the feet of any other man. I would like at this time to share my good fortune with our colleagues.

Mr. Baruch has written me as follows:

MY DEAR MR. MULTER: Because you show such a practical grasp of your subjects I am taking the liberty of sending you a copy of a speech on "Medical Care" made 13 years ago.

With warm regards.

Sincerely,

BERNARD M. BARUCH.

The enclosure reads as follows:

SPEECH BY BERNARD M. BARUCH AT A DINNER SPONSORED BY THE MEDICAL SOCIETY OF THE STATE OF NEW YORK, COORDINATING COUNCIL OF THE FIVE COUNTY MEDICAL SOCIETIES OF GREATER NEW YORK, GREATER NEW YORK HOSPITAL ASSOCIATION, TO REPORT ON PROGRESS OF PREPAID MEDICAL AND HOSPITAL CARE IN NEW YORK CITY, AT THE BILTMORE HOTEL, NEW YORK CITY, NOVEMBER 19, 1947

You do me honor to ask me to talk to you about health. I almost became a doctor myself.

When I was a boy my mother took me to a phrenologist. His office was across the street from where Wanamakers now is. He felt the bumps on my head and asked my mother what she expected to do with me.

She replied, "I am thinking of making him a doctor."

"He will be a good doctor," said this phrenologist, "but my advice to you is to take him where they are doing things in finance and politics—he might even make good there, too."

It has been a long detour for the prodigal. He has returned.

In many ways I am sorry I did not become a member of this noblest of professions. For I believe we approach a great adventure in health. That is our goal. I think it obtainable. It would be gratifying to take a more active part in it.

All my thoughts on medicine are colored by memories of my father, Dr. Simon Baruch. He was the wisest man I ever knew. He pioneered in surgery, physical medicine, and "incurable diseases." Often I heard him tell prospective medical students:

"Do not enter the medical profession to make money. Study medicine only with the

idea that your greatest compensation will be knowing that you help your fellow man. Do not expect gratitude and you will never be disappointed."

As Chairman of the War Industries Board in the First World War, I realized how important to defense was the health of our citizens. That awareness was reinforced manifold during this past war.

In preparing a report for the late President Roosevelt on manpower, I was shocked to learn at least 4 million men had been rejected as 4-F's—unfit to defend their country. Some, not all, of these defects were preventable.

How much more shocking would have been the record if everyone had received the same examination?

Since then I have given the problems of medical care much thought. It deeply concerned me that we not fail the returning veteran, so I studied their medical needs. From that, it was only a step to related problems of general medical care for all.

Soon I was up to my neck in reports, statistics, speeches, congressional hearings. I conferred with many persons, doctors, and nondoctors, experts and amateurs.

May I tell you some of my conclusions. They may not be particularly new to you, pioneering this field. They may be helpful, coming from a nonprofessional mind.

But before I list them, I would like to point out that the medical science and art have conferred a new and great benefit upon society in the last generation. The years of our lives have been heavily increased. This helps not merely the individual, who wants to go on living—and living in dignity and self-respect—but all the people to live more comfortably and freer from fear.

And now to go on with my exposition:

There is no question—the need for more medical care exists.

Also there is no question this need will have to be met.

The problem is, How?

All over the world the masses are stirring for higher living standards. Improved medical care is a foundation of that better standard. Without good health, of what advantage are higher wages or shorter work hours, better education or greater leisure?

The families whose earnings disappear with serious illness—the many who suffer disease which your skillful diagnosis and treatment could have prevented or halted—or whose limited means bar them from the medical attention available to you and me—these people will not remain content.

This striving of the masses for better living is felt everywhere. In health your profession must steer that surging tide into channels of improvement. Then the surge does not overspill into the revolutionary flood, which washes away more than it brings.

One of the last things Woodrow Wilson wrote—called "The Road Away From Revolution"—was this:

"In these doubtful and anxious days when * * * the road ahead seems darkened by shadows which portend dangers of many kinds, it is only common prudence that we should look about us and attempt to assess the causes of distress and the most likely means of removing them."

That was Wilson's method—to assess portending dangers, and anticipate them by timely action. So, he proposed the realistic League of Nations, which men rejected as a dream—and got a nightmare. Wilson knew social change was inevitable. He worked to steer that change into orderly channels.

You should take that as your guiding star. Society usually divides into three broad groups.

At one end—the left end—are those who burn with a passion to change everything as quickly as they can—if not quicker.

At the other—right end—are those who want things just as they are.

In the middle are people, like Woodrow Wilson, to whose school I belong, who believe in intelligent progress and seek to guide it.

What differentiates these three groups is their attitude toward that vital element of life—time.

The left-enders feel time panting hot on their necks.

The right-enders use time to fight rear-guard actions, all the way.

The middleers—sometimes both left and right call us "muddlers"—seek to come to terms with time, preserving the best of the past, discarding the outworn, and moving on to a better future.

In the matter of adequate medical care, too many doctors have been fighting a rear-guard action for too long. I feel I must warn those doctors—time is running against them. The medical profession has justly earned great influence in the community. It can keep that hold only as it moves forward. It will lose that hold if it has nothing but objections to offer, if it has eyes only for what not to do.

We must look for what can be done—and do it.

The great question is, How? I do not want to seem to say I know the answers. We do know the public is demanding better and more medical service through some action—political or otherwise.

What is this adventure in health I see dawning, and toward which you all have been keeping the doctor's vigil through the night? This adventure, which you will have to lead—or it will fail—has many elements:

1. More and better doctors—in more places.
2. An immediate, complete survey to modernize medical education, with greater emphasis on chronic and degenerative diseases, mental hygiene, and preventive medicine.
3. More hospitals more evenly spread through the country.
4. Less specialists, more general practitioners.
5. Reorganize medical practice, stressing group medicine where needed and voluntary health insurance.
6. For those who cannot afford voluntary insurance, some form of insurance, partly financed by the Government, covering people in by law. I would call this "compulsory health insurance," if that term's proper meaning had not been lost.
7. Increased medical research.
8. Greatly expanded physical and mental rehabilitation.
9. Education to make health a national habit.
10. A vigorous, preventive medical program, reaching everyone, children above all.
11. A new Cabinet post for health, education, social security.
12. Creation of a nonpolitical watchdog committee to safeguard progress in medical care for veterans.
13. Increased numbers of well-trained nurses and technicians.
14. Adequate dental care.
15. A stabilizing economy—inflation will make worthless any health program or anything else.

Each of these would take a speech by itself. I can but sketch some of them.

Even the least ambitious schemes for improving the Nation's health require more doctors, all competently trained. Why aren't more doctors being educated? In studying that question, I was struck by how expensive training a doctor has become—in dollars and in time. In its fine report on "Medicine in the Changing Order," the New York Academy of Medicine states:

"There seems no alternative other than Government aid if educational standards are to be raised or even maintained. If

medical schools are to continue as centers of research, here also Government aid may be necessary."

If science and medicine ask the Government for aid—which even the conservative deems necessary—they must expect he who pays the fiddler will call the tune. This means the Government will rightly insist upon no discrimination in medical care because of race, color, or creed. It will rightly insist upon opportunity for all to enter the profession and advance on the sole basis of ability and character—without restrictions of race, color, creed, or sex. And, I hope, without fear of, or favor from, the State.

Minimum standards should be set for institutions getting financial aid.

How much more the Government is likely to insist upon will depend upon the more progressive leaders in your profession.

According to the academy's report—I quote—"there has been no fundamental reorganization of American medical education since about 1910." That finding certainly calls for your profession undertaking—now—a most thorough, down-to-earth survey to modernize medical education, making recommendations so boldly inspiring the people will gratefully back them. No one can draw up a better program than doctors.

Chronic illness and preventive medicine deserve greater attention. In all fields—I hope in war as well—there is a new accent on prevention. From answering fire alarms, our thinking is progressing to fireproofing.

Preventive medical care should commence as close to the beginning as society can reach. I favor a major, sickness-prevention drive at the public school level. This should include compulsory examination of all children at regular intervals. Means should be made available for correcting defects disclosed.

How wonderful, if children were taught how to properly eat, sleep, sit, stand, play, and take care of themselves, developing both the knack for getting along together, and self-discipline—physical and mental.

Even when medical care is available, many adults neglect or refuse to use it—often because of social taboos, as in venereal diseases, or psychological dreads, as in cancer and tuberculosis. These attitudes reflect our not having outgrown the awkward age in thinking about disease and health. We do not really have a grownup, national health habit—although we are getting there.

People need to be educated on the virtue of medical care; how to use it; how to prevent disease. The greatest asset of any nation is a healthy, educated citizenry.

And now to what is perhaps the toughest problem—how can better medical care be extended to those who cannot afford it?

Your organizations have been particularly active in pressing voluntary health insurance. You and others have proven group insurance to be a sound, practical way. That is a great achievement. You can be mighty proud of it.

But I would not be frank—nor friendly—if I did not add what you know. It is not good enough.

Rome was not doctored in 1 day. It may be, as some have told me, that the needs of the bulk of our people can be met, given time, through voluntary insurance. What troubles me most are the needs of that sizable segment of society, which does not earn enough to pay for voluntary insurance.

The American Medical Society—its bureau of medical economics—estimated in 1939 that families earning \$3,000 or less—two-thirds the population—cannot afford the cost of serious illness. Some of these can afford voluntary insurance, although inflation has reduced their number. But what of the little fellows who cannot?

I have asked that of nearly everyone with whom I have discussed medical care. Nothing has been suggested so far which promises

success, other than some form of insurance covering these people in by law and financed by the Government, at least in part—what some would call compulsory health insurance.

Since doctors, nurses, technicians, and hospitals already are strained, such insurance probably would have to move in stages. That requires careful study. Any program should utilize existing medical facilities to the maximum—it must get started—and be organized to the local level.

Nationally, the program might well be administered by a body of doctors and non-doctors to keep medical care as free from politics as possible.

As to financing, my own preference runs toward the Government meeting only part of the cost, with part coming from payroll deductions from employers and workers. In time, these deductions will become absorbed in general costs of production. I have the utmost confidence in the efficiency of American industry—both labor and management—and which good health will stimulate. We can absorb these medical costs better than other countries which must also meet these needs.

The detailed problems raised by so-called compulsory health insurance are too numerous to be discussed tonight. I have weighed them most carefully. Many doctors and many lay people have sought to paint this issue as a choice—all black or all white. I have found every aspect of medical care to be gray—the happy color sensible compromise wears. All law imposes compulsion. A form of compulsory health insurance for those who cannot pay for voluntary insurance can be devised, adequately safeguarded, without involving what has been termed “socialized medicine.” The needs can be met—as in other fields—without the Government taking over medicine, or socializing it, something I would fiercely oppose.

Law protects society. It is the absence of law which destroys it.

I do not fear Government taking its legitimate part in medicine, any more than I fear it in education or housing. I do oppose socialization here. It leads ultimately to the police state, degradation of the individual, and lessened well-being. There should be just one Federal agency, with Cabinet rank, for all health and human welfare problems. I do not like Government agencies to be like Mahomet's coffin, suspended between heaven and earth.

Some say many people do not know how to pick their doctors. So, with any human activity. The best insurance against poor choice is improving the general quality of all doctors. But good or poor, it must be the patient's choice. No one else's.

May I interject this about inflation? Should health schemes fail, be sure to ask—were they killed by the plan itself—by incompetent administration—or by an inflation which ruined the plan's financing?

In connection with this doctor-Government relationship, it is a pleasure to point to the excellent medical progress in the Veterans' Administration—thanks primarily to Gen. Omar Bradley and Gen. Paul Hawley. They would never have accomplished their good work, had they not refused to allow the politicians to move in on them.

I would like to see the President name a small committee of top-grade citizens—some doctors, some lay people—to act as a vigilant watchdog over the veterans' medical program, so the ground so arduously gained may not be lost when someone replaces General Bradley. He should be supported by the entire Nation—particularly by doctors. His is the kind of courage and vigilance which will assure good administration of any health program.

More doctors must be distributed to more places in the country, which requires,

among other things, less stress on training specialists, more on general practitioners. A number of counties do not even have a doctor. This reflects, in part, a lack of facilities in which doctors can work. Happily, some of this will be corrected under the Hill-Burton Act for hospital construction, with Federal and State governments cooperating.

Orderly change is the American way of life. Remember the spirit of your oath of Hippocrates. Use your own good judgment to move along with humanity's legitimate aspirations in its trek toward better living.

I would hate to see any medical care program under guidance of others than those who have the know-how. So would the American people. That is why I urge the doctors to get in and pitch—not stand by on the side lines. You need fear politicians or bureaucrats only to the degree you fail yourselves. You must take the leadership—no—yours is now the leadership. Keep it.

This meeting is an outstanding example of your deep concern to meet the need for action.

I have met people in all fields of human endeavor. I respect no group more—for your unselfish zeal and devotion to the sick, for the jealousy with which you guard your professional virtue—placing beyond the pale the rare violator of your oath.

I envy you the thrill which comes from relieving a patient from pain, and, often, snatching one from death.

I still am sorry that phrenologist didn't let me become a doctor.

Your situation reminds me of something my father said back in 1873, while president of the South Carolina Medical Society:

“Let us not be silent, but offer our facts, and defend them while we may.

“As an Arabian sage has said:

“‘What good comes from Ali's sword, if it be sheathed?

“‘What good from Sadi's tongue, if it be silent?’”

What Mr. Baruch said so succinctly, yet so eloquently, 13 years ago could not be better said today, nor could it be more apropos.

It is indeed most unfortunate that his words have gone unheeded so long by those to whom his remarks were addressed.

I am certain that much of the mail I am receiving from doctors opposing the Forand bill, to provide medical care for the aged who cannot afford it, comes from those sought to be reached by that important message I have just read.

Some of them rest their argument on the fear of socialization of the medical profession. Like Mr. Baruch, I, too, would resist to the end socialization of any of the professions, or, for that matter, any of our private enterprise.

Others argue that Congress should not act hastily but should study the problem some more. Have we not studied the problem long enough? I think we have.

Maybe the Forand bill is not the complete answer. Maybe it does not go far enough by covering everybody. Maybe it does cover some who can afford to buy insurance. Maybe—maybe—maybe.

The first child labor law was not perfect.

The first minimum wage law was not perfect.

The first workmen's compensation law was not perfect.

The first unemployment insurance law was not perfect.

The first social security law was not perfect.

The first aid to education law was not perfect.

In fact, no manmade law is perfect.

But we do start and as experience teaches us we improve our laws and their implementation.

Government makes the most progress and serves its purpose best when it does for the governed that which they cannot do for themselves.

Let us move forward again in the field of humanities. One way is to enact our first law to give medical aid to the aged who cannot otherwise afford it.

I have signed the Forand discharge petition at the desk to bring that bill before the House. I did that not because I believe the Forand bill is the ultimate. I did so because I want the House to debate it, to amend it and to work its will with reference thereto so that we can move forward in this important field for the good and welfare of our country.

A BILL TO PROHIBIT CERTAIN JUDICIAL ACTS AFFECTING INTERNAL AFFAIRS OF LABOR ORGANIZATIONS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. ROOSEVELT] may extend his remarks at this point in the RECORD and include telegrams.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. ROOSEVELT. Mr. Speaker, I am today introducing, by request of the National Maritime Union and the Flight Engineers International Association, both AFL-CIO affiliates, a bill to prohibit certain judicial acts affecting the internal affairs of labor organizations. Following receipt of these requests, I carefully looked into the matter and reached the conclusion that such legislation reflects the very sound principle that the operation of labor unions should remain in the hands of the membership, by prohibiting Federal courts from appointing receivers, trustees, masters, monitors, or administrators, except to preserve the funds, property, or assets of a labor organization pending the conduct of election of officers or the vote upon the removal of officers.

I was also pleased to note that a measure had already been introduced, also by request, by my distinguished colleague and a ranking member of the House Judiciary Committee, the Honorable THOMAS J. LANE, of Massachusetts. My colleague's bill meets the objective on which I was planning to prepare legislation and therefore I am joining him in his efforts by introducing an identical bill to his measure, H.R. 11845.

Mr. Speaker, if the bill of rights set forth in the Landrum-Griffin Act means what it says then there is no justification for courts to be empowered to supervise or administer, in any form, the rights of the members of any labor association. From that standpoint it is incumbent on

this Congress to act favorably upon this legislation. Therefore, I hope and urge that hearings be held as soon as possible so that the will of this House may be expressed prior to adjournment.

At this point I insert the telegrams received from the presidents of the unions which I have mentioned, setting forth their request for legislation in the area I have just discussed:

NEW YORK, N.Y., April 22, 1960.

HON. JAMES ROOSEVELT,
Member of Congress, House of Representatives,
Washington, D.C.:

On behalf of the National Maritime Union, AFL-CIO, urge you sponsor legislation to prevent encroachment by courts upon right of union members to determine democratically internal government of their labor organization. It is a travesty of justice for rank and file self-government to be frustrated by imposition of judicial restraint upon exercise of free expression by union members. Union members are not second-class citizens and should not be treated as such.

JOSEPH CURRAN,
President, National Maritime Union,
AFL-CIO.

WASHINGTON, D.C., April 22, 1960.

HON. JAMES ROOSEVELT,
Congressman, 26th District, State of California, House Office Building, Washington, D.C.:

This association representing flight engineers of the Nation's airlines urges you to introduce legislation which will prohibit certain judicial acts affecting the internal affairs of labor organizations. Principally it should amend the Norris-La Guardia Act by prohibiting Federal courts from appointing receivers or other officers to administer or govern the internal affairs of a labor organization, except to preserve assets pursuant to the union-election provisions of the Landrum-Griffin Act. Such legislation then would prevent the Federal courts from assuming the function of running labor unions.

Sincerely,

RONALD A. BROWN,
President, Flight Engineers International Association.

NATIONAL MILK SANITATION BILL

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. JOHNSON] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. JOHNSON of Wisconsin. Mr. Speaker, the Health and Safety Subcommittee of the House Interstate and Foreign Commerce Committee is now holding hearings on my national milk sanitation bill, which 19 of my colleagues have joined me in introducing in the House. Four Senators are cosponsoring the measure in the Senate. This proposed legislation has bipartisan support, with 10 Democrats and 10 Republicans introducing the measure in the House, and 3 Democrats and 1 Republican sponsoring the bill in the Senate.

Under the provisions of the legislation, a Federal milk sanitation code which would be at least the equivalent of the U.S. Public Health Service's

proven milk ordinance and code would become the quality yardstick for milk shipped from State to State. Fluid milk and fluid milk products meeting the standards of this Federal milk code could not be kept out of interstate trade because of varying local health rules.

Over the years the various States and municipalities have set up and added to their milk sanitation regulations until we now have a regular crazy quilt of rules that hamper the free flow of high-quality milk from State to State. Unfortunately, human nature being what it is, some milksheds are using their health standards as an excuse to maintain a neat little milk monopoly for themselves.

Mr. Speaker, sanitary regulations should be used only to protect the public health, not for the protection of local monopolies. The use of arbitrary and outdated milk rules as trade barriers is obviously a perversion of the intent of the regulations.

This Balkanization of milk markets works to the disadvantage of both consumers and the bulk of milk producers. In some places, such as our Nation's Capital, the health regulations prevent the entry of milk from other areas, giving an absolute monopoly to local producers. Other cities permit milk to be shipped in only after it has been checked by their own inspectors at its point of origin to see that it meets the standards of the receiving area. Since the milk must also conform to the sanitary rules of the shipping area, the resulting duplicate inspections add to the cost of milk.

In the fall of 1958 I was studying the poultry situation in Alabama. The manager of a poultry processing plant had high praise for the Federal poultry inspection law passed during the 1st session of the 85th Congress. He commented that with modern transportation and refrigeration methods, he was now shipping federally inspected poultry from Alabama to California and the Midwest, including Wisconsin and Minnesota. I told him that all the dairy farmers want is the same chance for interstate sale of their milk that the poultry farmer gets.

Mr. Speaker, at this point I would like to include in the Record an editorial from the St. Paul (Minn.) Pioneer Press, which raises the question, "If the principle of freedom of commerce in wholesome food applies to meat and poultry, why shouldn't it apply to milk?"

GEORGIA FRYERS

Remember when fried chicken was a luxury? When its fragrant brown succulence was for holiday dinners only? Well, flavor and the aromas linger, but gone forever are the luxury days.

Now the housewife can rub her eyes at the great buys being offered by the food ads in frying chickens.

Loss leader selling? Could be. For bargains in chickens or fresh milk are fine bait for attracting shoppers into a store. But also behind these prices is a mighty drama of the effects of a Federal guaranty of freedom of interstate commerce in wholesome food.

Though the trade calls them Georgia fryers, they come in fact from several Southern States. As with meat and milk, perishability was once thought to bar them from

nationwide markets. But, also as with meat and milk, that problem is solved by modern, sanitary, refrigerated transportation.

Eighteen to twenty semitrailer loads of these Georgia fryers roll into the Twin Cities each week from afar. By summertime, the arrivals will be up to about 30 refrigerated vans a week, each loaded with 7,500 or so 2- to 3-pound dressed chickens, all iced.

These birds are products of one of agriculture's great revolutions known as integrated farming. Production, processing, and selling are integrated under one management. One man may feed 5 batches totaling 60,000 a year of these broiler or fryer chickens.

A uniform Federal inspection system guarantees freedom of wholesome dressed poultry to cross State lines into the Nation's markets. It is mighty tough competition for our Midwest chicken raisers.

That's one story back of our housewives' bargains in fryer chickens. Another story is that this same Federal poultry inspection system is putting the foundation of free markets under our Midwest turkey industry. A third story is that our Midwest fryer industry, with advantages of a short haul and economical feed, is competing more and more strongly in our markets. Our housewives are getting good buys and more of our own homegrown chickens, too.

But the traffic of southern fryers into Milwaukee, Chicago, Des Moines, and other Midwest Dairy Belt cities is still immense. And when we try to ship our wholesome milk in refrigerated tank trucks into those markets that so freely send us chickens, we are stopped by Federal, State, or local bans in the name of sanitation. Even Washington is barring our milk, regardless of proved wholesomeness, on those ostensible grounds so as to serve local monopoly.

No industry or region can do well under such discrimination and the Lester Johnson bill in Congress would abolish it. The bill would apply to milk, the same principle of freedom of commerce in wholesome food the United States already applies to dressed meat and poultry.

For more than 50 years the Federal meat inspection system has been providing the equivalent of the Johnson bill for meat. A foundation of access to markets everywhere sustains the meat industry. We are a Nation of meat eaters.

For dressed poultry, the equivalent of the Johnson bill went into effect on a voluntary basis last year and became compulsory for interstate commerce this year. At competitive prices, consumption of fryers and other dressed poultry has risen to break all records.

For many years the branch of Government most concerned with sanitation, the U.S. Public Health Service, has had a uniform sanitary code for milk. But the U.S. Department of Agriculture and Eastern and Southern States and cities won't accept this code. Behind their monopoly walls, high milk prices are enforced. U.S. consumption per person of milk since World War II has slumped.

The Johnson bill would let American consumers drink more milk at competitive prices. It would let the Nation's dairy industry share with meat and poultry the blessings of American freedom of commerce in wholesome food.

Mr. Speaker, during April of 1958 hearings were held on another milk sanitation bill—H.R. 7794—which I had introduced and which had the same basic objectives of my present bill. The 1958 hearings revealed a number of deficiencies in H.R. 7794 and pointed the way for the development of an entirely different approach. I believe this new

approach satisfies the major objections which were raised 2 years ago.

Those objections were, first, that direct Federal inspection would unnecessarily superimpose another layer of control on existing State and local inspection systems; second, that direct Federal inspection would be costly to administer; third, that the "affects interstate commerce" clauses would preempt the rights of States and municipalities to exercise sanitary control over their intrastate milk supplies; and fourth, that Federal control might result in a lowering of the quality of milk sold in those municipalities having high sanitary standards.

My present bill, H.R. 3840, does not propose the establishment of a far-reaching Federal inspection system of all milk sold in the United States. Rather, it seeks to apply the force of Federal law only in those instances where health regulations are deliberately misused to obstruct the interstate marketing of wholesome milk of the highest sanitary quality.

The bill would place in the Surgeon General of the U.S. Public Health Service the responsibility for the establishment of a Federal milk sanitation code setting forth sanitation practices and sanitary standards for milk shipped in interstate commerce. He would cooperate with the States in conducting a system of certification of milk which complies with the standards. Milk certified under this system would then be permitted to move freely in interstate commerce, subject only to laboratory tests upon arrival to assure that the milk still complied with Federal standards.

Mr. Speaker, this measure is designed to avoid the addition of another layer of expensive inspections to the existing system. State and local inspection services would be utilized, and no direct system of Federal inspections is provided for or contemplated. A minimum of Federal expenditure would be required to monitor certifications made by the States and to support certain other services such as training, research, and development of standards.

There are no "affects interstate commerce" clauses in this legislation, and it would not interfere with the normal inspection activities by State and local governments of their own milksheds. In addition, it permits States and municipalities receiving interstate milk shipments to check such milk upon arrival for compliance with bacterial counts, temperature standards and composition standards prescribed in the Federal Milk Sanitation Code.

This concept of Federal legislation to eliminate the misuse of milk sanitation regulations was proposed and developed by a committee of the Association of State and Territorial Health Officers. As the name implies, this association is composed of the chief health officials in each State and territory. In 1957, the association set up a committee to study the matter of Federal milk sanitation legislation and, a year later, issued an official report titled "Need and Recommended Principles for Federal Milk Sanitation Legislation."

This report states:

The association believes that there is need to strongly reaffirm that the sanitary control of fluid milk and fluid milk products is a public health matter which is primarily the responsibility of State and local governments, except where interstate commerce is involved.

Mr. Speaker, my bill is in full agreement with the principle set forth by the Association of State and Territorial Health Officers. This legislation seeks only to provide unrestricted interstate markets for milk of the highest sanitary quality by eliminating the use of capricious and arbitrary pseudo-health regulations to keep high quality milk out of monopolized local markets.

Some critics of my bill have advanced the theory that it would be detrimental to the quality of milk sold in their markets. These critics reason that the Federal standards to be established under the bill might not be adequate to protect the health of their citizens, and that distant and anonymous agencies would not have the same degree of interest in the welfare of local consumers as would local agencies.

Concerning the first point, the bill provides that the Federal standards shall be at least the equivalent of the high health standards now contained in the milk ordinance and code recommended by the U.S. Public Health Service—which is the watchdog of our public health. At the present time, 36 States and some 1,900 local jurisdictions have voluntarily adopted this model milk code or one based on its provisions. Surely a body of health regulations in such general use cannot be notably deficient in providing for adequate health protection of our citizens.

As to the second point, it is difficult for me to believe that in this day of scientific advancement and free interchange of technical information among professional people that there can be any one area where there are milk sanitation people who possess knowledge not available to health authorities in all parts of the United States. Nor can I believe that health authorities and milk producers in one area of the country are any less interested in providing consumers with a pure and wholesome product than are those in another.

Mr. Speaker, the bill provides authority for the Surgeon General to make such spot checks as he deems necessary to validate State certifications that interstate milk supplies have achieved a minimum compliance of at least 90 percent with the national standard. This provision, together with the requirement that milk and milk products upon receipt in a jurisdiction meet bacteriological, temperature and composition standards, certainly provides adequate guarantees that the welfare of the consumer will be safeguarded, no matter where that consumer is located.

Further evidence of the absurdity of a claim that certain cities enjoy a vastly superior supply of milk than would result from compliance with the Federal Code can be found in the list of interstate milk shippers and their ratings,

which is published by the Public Health Service. Take, for example, the local Washington, D.C., milk supply, which we were told repeatedly and emphatically last year was "the best milk supply in the world." It has a U.S. Public Health Service rating of 91.2 percent. This is a good rating and would comply with the requirements of my bill. However, the District of Columbia rating is still slightly below the overall average rating of 92.66 percent for the 691 shippers from 35 States which the April 1, 1960, USPHS list contains.

Many States and municipalities have adopted the position that they will not permit milk to be brought into their jurisdictions unless it has been checked by their own inspectors. In many cases, this position constitutes a serious trade barrier because some of these jurisdictions cannot, or will not, inspect sources in other States.

In other instances, exorbitant fees are charged for such inspections, and these fees add to the cost of milk. When such inspections are made, they constitute an unnecessary and expensive duplication of the inspection services already being provided by agencies of the State in which the milk is produced.

Mr. Speaker, I would like to point out that this insistence on the part of some States and municipalities on having their own personnel duplicate the inspection services of other health agencies is one of the present evils toward which this bill is specifically directed. Such a requirement may have been necessary and practical 25 or more years ago, when milk was produced, processed, and sold almost exclusively on an intrastate basis, and sanitary control of fluid milk was not in effect in all areas of the United States. However, it is a serious deterrent to the dairy industry as it exists today and ignores the changes in technology which permit milk to be shipped long distances without loss of wholesomeness or quality.

As our population has grown, we have seen a complete overlapping and interlocking of milksheds. In many cases, an individual producer's milk may be shipped to different municipalities and even several different States in the course of a year, depending entirely on the marketing practices of the plant or receiving station to which he delivers his milk.

In such cases, the insistence of State or local jurisdictions on inspection at the source by their own inspectors can only result in unnecessary and confusing duplication of inspection services. One of the dairies in my home district sends milk to 10 different markets—and has 10 different inspectors trooping through the place every year. Such multiple inspections cannot provide any more public health protection than would result from inspection by one well-trained individual. Duplicate inspections are costly to the dairy farmer, to the health agencies which engage in such practices, and, inevitably, to the consumer.

Mr. Speaker, H.R. 3840 would provide for a system of administration which is in close accord with two highly effective

and highly respected programs of the U.S. Public Health Service that are now being carried out on a voluntary basis. Since 1923, this agency has provided States with milk sanitation standards for voluntary adoption in the form of the model milk ordinance and code. As I stated previously, this milk ordinance and code is now in effect in some 36 States and 1,900 local jurisdictions. Its sanitary regulations would be the basis for the development of the Federal code for interstate milk under the provisions of my bill.

Section II of the Public Health Service's milk ordinance and code is very significant in that it authorizes receipt of milk into a jurisdiction without local inspection if the supply has been awarded a rating of 90 percent or more by the milk sanitation authority of the State of origin. This provision has been implemented by the conduct of a voluntary cooperative program whereby supplies meeting this criteria are certified by the States and the information is transmitted to the receiving jurisdictions by the Public Health Service.

This voluntary program has no doubt facilitated the movement of high-quality milk in interstate commerce and has eliminated some trade barriers. However, the program, being voluntary, has had no effect on the deliberate use of health and sanitation regulations as trade barriers.

Mr. Speaker, I would like to reemphasize that H.R. 3840 would apply the force of Federal law only in those instances where health regulations are deliberately misused so as to obstruct the interstate marketing of wholesome milk of the highest sanitary quality. It would not affect in any way those jurisdictions which are already accepting milk from other States on the basis of their compliance with adequate sanitary regulations. Therefore, the bill would alter the policies of only those States and municipalities which seek to foster local monopolies at the expense of their consumers by improper exercise of the public health function.

In conclusion, I would like to recommend two minor amendments to H.R. 3840. The first has been recommended by the commissioner of the Department of Public Health of Tennessee. He pointed out that the definition of "State milk sanitation agency" in section 802(5) is likely to be difficult to interpret in Tennessee unless further clarified.

There are at least 12 States in which the division of responsibility between health and agriculture is so complex that an administrative decision would be required to designate the milk sanitation agency should any controversy between the affected agencies arise. For this reason, I believe that section 802(5) should be amended by including at the end of this definition the words "or shall mean such agency as may be designated by the Governor of the State."

The second amendment has been recommended by the International Association of Ice Cream Manufacturers and would specifically exclude ice cream mix, ice cream, and related products from the provisions of this bill. Section 802 in

H.R. 3840 does not specifically include these products, and it was not my intention to include them in the proposed act. However, section 813, which excludes most of the other manufactured dairy products, does not specifically mention ice cream mix, ice cream, sherbets, ices, and so forth.

Therefore, I recommend the amendment of section 813(a) by the insertion after the words "evaporated milk" the following words, "frozen desserts or frozen dessert mixes as those products are defined in the edition of the USPHS Frozen Desserts Code which is current on the date of the enactment of this title."

Mr. Speaker, two of the witnesses who testified at the milk sanitation hearings yesterday were Dr. David E. Price, Assistant Surgeon General, Chief of the Bureau of State Services, Public Health Service, U.S. Department of Health, Education, and Welfare; and Dr. Russell E. Teague, Commissioner of Health of Kentucky, who represented the Association of State and Territorial Health Officers. I include their testimony at this point in the RECORD:

STATEMENT OF DR. RUSSELL E. TEAGUE, COMMISSIONER OF HEALTH OF KENTUCKY AND REPRESENTATIVE OF THE ASSOCIATION OF STATE AND TERRITORIAL HEALTH OFFICERS

Mr. Chairman and members of the committee, I am Dr. Russell E. Teague, commissioner of health of Kentucky, and I am appearing before you as the representative of the Association of State and Territorial Health Officers whose membership includes the commissioners of health of the 50 States, and in my capacity as chairman of the environmental sanitation committee of that association, concerning support of the Federal milk legislation incorporated in H.R. 3840—National Milk Sanitation Act sponsored by the Honorable LESTER R. JOHNSON, of Wisconsin.

It is significant to note that the State and territorial health officers, in full awareness of their responsibilities and in the interest of facilitating the flow of high quality milk in interstate commerce and of preventing the use of milk sanitation requirements as trade barriers, appointed a subcommittee to make a thorough study of the need for Federal legislation regarding interstate milk shipments, and of the provisions of several bills which had been introduced in the Congress pertaining to this matter.

In this study, the association gave consideration to the practice of some States and municipalities to use health regulations as economic barriers to the free movement of fluid milk both in intrastate and interstate commerce. The association recognized that States and their political subdivisions have the right to exclude milk of questionable quality, but unanimously agreed that health regulations should not be used to restrict either the intrastate or interstate movement of milk of high sanitary quality. In this connection it was felt that the sanitary control of market milk and milk products cannot be divorced entirely from the economics of milk production, processing, and marketing, and that health agencies at all levels of government have a responsibility to avoid taking actions which cannot be sustained on public health grounds, and which have an adverse economic effect on the dairy industry.

The changes which have taken place in the dairy industry in the past 25 years, and which have resulted in greatly increased volumes of milk being offered for sale in interstate commerce, were reviewed in order to determine whether or not the present

system of State and local supervision could be utilized for the control of interstate milk shipments without creating an undue burden on interstate commerce. It was the consensus of opinion that the problems of the industry can no longer be considered solely on a local milkshed basis, that the increased interstate movement of milk has complicated its control by State and local agencies, and that uniform sanitary standards and practices are necessary to insure the quality of milk shipped interstate and to eliminate the unjustified use of health regulations as trade barriers. While the voluntary cooperative State-PHS program for the certification of interstate milk shippers, which was actually established at the request of our association, has greatly facilitated interstate milk shipments, it has not been able to break down deliberate barriers toward which most of the past Federal legislative proposals have been directed. For these reasons, it was agreed by the Association of State and Territorial Health Officers that some form of Federal legislation was needed.

The association considered specific forms of Federal legislation that might be appropriate. While it favored the objectives of H.R. 7794, and certain aspects of that bill and similar bills, it was opposed to those sections of the previous bills which would provide for centralized Federal control, supervision, and the extension of such control to all milk supplies "affecting interstate commerce." It was felt that direct Federal supervision would unnecessarily superimpose another layer of control on existing State and local systems that might be utilized, and that the "affects interstate commerce" provisions would result in the Federal Government preempting the right of State and local governments to control their intrastate supplies.

Consideration was also given to a Federal legislative approach which would simply place a legislative base under the present voluntary State-PHS milk certification program. It was recognized, however, that such an approach would not solve in its entirety the trade barrier problem, and thus would not be acceptable to the proponents of the proposed Federal legislation. However, in view of the fact that the voluntary certification program, which utilizes State and local inspection services, has proven effective and practical in operation, the association believed that the essential elements of this program should be incorporated into any Federal milk sanitation legislation enacted by the Congress to control interstate milk supplies. It was the consensus that if these elements were coupled with a provision prohibiting a State or municipality from excluding milk from out of State sources which complied with basic public health criteria for certification, that such an approach would provide an effective and practical means of assuring high quality products for consumers in milk-importing areas and for eliminating the use of health regulations as trade barriers without abridging the rights of State and local agencies to control the sanitary quality of their intrastate supplies. In fact, the association believes that this approach would strengthen the programs of State milk sanitation agencies. Therefore, the following recommendation was passed on October 24, 1958, at the annual association meeting in Washington, D.C.:

"RECOMMENDATION"

"That the Association of State and Territorial Health Officers recommend to the Congress the adoption of Federal legislation pertaining to interstate milk shipments, incorporating the following principles:

"A. Declare as public policy that the sanitary control of fluid milk and fluid milk products is necessary to protect the public health, and that the exercise of such sanitary control is primarily the responsibility

of State and local health departments, except that no State or local government has the right to obstruct the free movement in interstate commerce of fluid milk products of high sanitary quality by the use of unnecessary sanitary requirements or other health regulations.

"B. Establish uniform sanitation standards and practices consistent with those contained in the unabridged form (pts. III and IV) of the milk ordinance and code 1953 recommendations of the Public Health Service, for fluid milk and fluid milk products shipped in interstate commerce.

"C. Authorize the Surgeon General of the Public Health Service to conduct, in cooperation with State milk sanitation authorities, a program for certification of interstate milk shippers, in which certification would be based on compliance ratings made by State milk sanitation rating officials in accordance with a rating method, criteria, and procedures to be promulgated by the Surgeon General of the Public Health Service.

"D. Authorize the Surgeon General to certify only those interstate sources of fluid milk and fluid milk products which are awarded a compliance rating of 90 percent or more by the State milk sanitation authority.

"E. Authorize the Surgeon General (1) to make ratings, inspections, laboratory examinations, studies, and investigations as he may deem necessary to satisfy himself as to the validity of the sanitation compliance ratings submitted by the State milk sanitation authorities for certification; (2) to provide for revocation or suspension of certifications for cause; and (3) to disseminate information on certified sources.

"F. Prohibit the use of State and local milk regulations as trade barriers to the interstate shipment of fluid milk and fluid milk products of high sanitary quality by providing that no State, municipal, or county authority or official may exclude, on public health grounds, or because of varying sanitation requirements, any fluid milk and fluid milk products shipped in interstate commerce from sources certified by the Surgeon General as having a sanitation compliance rating of 90 percent or more, if, upon receipt, such fluid milk and fluid milk products comply with the bacterial standards, temperature requirements, composition standards, and other criteria specified in the prescribed sanitation standards and practices.

"G. Authorize the Surgeon General to amend the prescribed sanitation standards and practices if, after consultation with State and territorial health authorities, other State milk control agencies and the dairy industry, he finds amendments are necessary to either protect the public health or to eliminate obsolescent sanitation standards and practices.

"H. Authorize the Surgeon General (1) to conduct research and investigations, and to support and aid in the conduct by State agencies, other public or private organizations and institutions of research and investigations, concerned with the sanitary quality of fluid milk and fluid milk products; and (2) to make the results of such research studies and investigations available to State and local agencies, public or private organizations and institutions, and the milk industry.

"I. Authorize the Surgeon General to (1) train State and local personnel in milk sanitation methods and procedures; (2) provide technical assistance to State and local milk sanitation authorities on specific problems; (3) conduct field studies and demonstrations; and (4) cooperate with State and local authorities, public and private institutions, and industry in the development of improved programs for control of the sanitary quality of milk.

"J. Exclude from provisions of the legislation, manufactured dairy products such as butter, condensed milk and evaporated milk unless used in the preparation of fluid

milk or fluid milk products, sterilized milk or milk products not requiring refrigeration, all types of cheese other than cottage cheese, and nonfat dry milk, dry whole milk and part fat dry milk unless used in the preparation of fluid milk or fluid milk products.

"K. Authorize necessary appropriations for the Surgeon General to carry out his responsibilities under the legislation."

Since this association believes that the protection of the public health through the regulation of the sanitary quality of fluid milk is the prerogative of public health agencies and in further support of this bill, I should like to submit a resolution adopted at their 1959 annual meeting by the Association of State and Territorial Health Officers entitled "Statutory Responsibility for the Sanitary Control of Market Milk" which reads as follows:

"Whereas public health agencies, through their unremitting efforts over a period of 75 years, have been responsible for the control of milk borne disease and for the great improvement in the sanitary quality of market milk served the American people; and

"Whereas certain agencies and persons whose primary responsibility is to foster agricultural interests are waging a continuing campaign, in some cases successfully, to remove the sanitary control of milk from public health agencies, both State and local; and

"Whereas the end result of such action would be to place an important public health responsibility in the hands of agencies not fitted by interests or philosophy to protect the consumer of milk, while at the same time depriving public health authorities of one of their most important means of preventing transmission of disease; and

"Whereas as pointed out in Resolution No. 10, adopted by this association on November 8, 1957, the transfer of responsibility for sanitary control of milk from health to agricultural agencies would be inimical to the public interest: Therefore be it

"Resolved, by the Association of State and Territorial Health Officers, in conference assembled at Washington, D.C., on October 14, 1959, That the association reaffirm its position that statutory provisions for the fundamental State authority for the sanitary control of milk production, processing, and distribution should be vested in the State health agencies; and that the necessary delegations of duties for implementing inspections and other control measures should be made to local health departments in manners best suited to obtain uniformity, efficiency, and protection in the interests of the whole community of our Nation; and be it further

"Resolved, That action be taken by the members of the Association of State and Territorial Health Officers to forcefully oppose the transfer of the sanitary control of milk from public health to agricultural agencies by presenting the facts outlined herein, and in Resolution No. 10 adopted in 1957, to the public, the Governors and legislative bodies of their respective States; and be it further

"Resolved, That in those States where responsibility for the sanitary control of milk now reposes in agencies other than health, that positive action be taken to initiate legislation which would give the State health agencies statutory responsibility for the sanitary control of milk production, processing and distribution."

It is the feeling of our association that H.R. 3840 will go far toward the elimination of sanitary regulations as economical trade barriers and will, at the same time, protect and maintain the rights and prerogatives of State and local health authorities in respect to milk originating within their respective jurisdictions.

Inasmuch as H.R. 3840 embodies and conforms to the recommended principles adopted by the Association of State and

Territorial Health Officers, this association wishes to fully support and endorse H.R. 3840 as introduced by the Honorable LESTER R. JOHNSON of Wisconsin and urges the favorable endorsement of your committee on this bill.

As a representative of the Association of State and Territorial Health Officers, I wish to express to you, the Committee on Interstate and Foreign Commerce, Subcommittee on Health and Safety, the thanks of the entire membership of the association for the time you have allotted to our organization to be heard on this very vital matter concerning the health and welfare of the people of our Nation.

Thank you very much, Mr. Chairman.

STATEMENT OF DR. DAVID E. PRICE, ASSISTANT SURGEON GENERAL, CHIEF, BUREAU OF STATE SERVICES, PUBLIC HEALTH SERVICE, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, ON H.R. 3840, NATIONAL MILK SANITATION ACT, BEFORE THE SUBCOMMITTEE ON HEALTH AND SAFETY, HOUSE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE, APRIL 26, 1960

Mr. Chairman and members of the committee, we appreciate this opportunity to testify concerning the views of the Department of Health, Education, and Welfare on H.R. 3840 and identical bills. I have with me today Mr. John D. Faulkner, Chief of the Milk and Food Program, Division of Engineering Services, Bureau of State Services, Public Health Service and Mr. Theodore Ellenbogen, legislative attorney, Office of the General Counsel, Department of Health, Education, and Welfare, both of whom testified before this subcommittee 2 years ago on H.R. 7794—which also dealt with interstate milk shipments.

I should like to present a statement and then, with the assistance of these gentlemen, answer any questions which the committee may care to ask.

H.R. 3840 would amend the Public Health Service Act in such way as to require the Surgeon General to promulgate a Federal Milk Sanitation Code and to administer a program for certification of interstate milk plants, whose milk and milk products, subject to certain conditions, could not be excluded from a receiving State or locality on health grounds if they complied with the provisions of the Federal Milk Sanitation Code.

The Department of Health, Education, and Welfare favors the enactment of H.R. 3840 with minor technical amendments. The reasons are contained in Secretary Flemming's report on the bill. I request, Mr. Chairman, that this report be incorporated in its entirety in the record, and I will limit my presentation to a discussion of Public Health Service interests and activities in the field of milk sanitation which appear pertinent to the bill and to further amplification of points made in the Secretary's report.

It is paradoxical that milk is both important to the maintenance of our health and at the same time has a great potential to serve as a carrier of disease. The very nature of milk production and its subsequent handling enhances the danger to the consumer unless the product is properly safeguarded at every stage. The list of diseases which have been transmitted to man through the consumption of milk is long. It includes typhoid and paratyphoid fever, bovine tuberculosis, brucellosis, diphtheria, septic sore throat, diarrhea and enteritis, Q fever, and food poisoning. Information on the extent of milkborne disease in the United States during the first quarter of the century is limited; however, in the literature for this period, there are records of 891 disease outbreaks.

A total of 42,327 cases, and 410 deaths were involved. Since 1926, the Public Health Service has received reports of 1,026 out-

breaks of milkborne disease involving 40,973 cases and 655 deaths.

The incidence of milkborne disease in the United States has been sharply reduced in recent years, but occasional outbreaks still occur, such as the 1955 paratyphoid fever outbreak in Lancaster, Pa., which serve to remind us that it is a measure of control through constant vigilance rather than elimination of disease which has been achieved.

The activities of the Public Health Service in milk sanitation began at the turn of the century with studies on the role of milk in the spread of disease. This work led to the conclusion that effective public health control of milkborne disease requires the application of sanitation measures throughout production, handling, pasteurization, and distribution of milk. These early studies were followed by research to identify and evaluate sanitary measures which might be used to control disease, including studies which led to improvement of the pasteurization process.

To assist States and municipalities initiate effective programs for prevention of milkborne disease, the Service undertook the development of a standard milk ordinance for the sanitary control of milk which would include only those provisions necessary for protection of the public health. This resulted in 1924 in a model regulation, now known as the milk ordinance and code recommended by the Public Health Service. With the aid of a national advisory committee, it has been revised 12 times since 1924 in order to incorporate new knowledge into public health practice.

The great variation once prevalent among milk regulations has been markedly reduced. The milk ordinance and code is now used as the basis for the milk sanitation regulations of 36 States. It has been voluntarily adopted by 1,426 municipalities and 496 counties. It is the basic standard used in the voluntary Cooperative State-PHS Program for the Certification of Interstate Milk Shippers which I shall describe shortly. It is also incorporated by reference in Federal specifications for procurement of milk and milk products, is used as the sanitary regulation for milk and milk products served on interstate carriers, and is recognized by public health agencies, the milk industry, and many others as a national standard for milk sanitation. We believe that the authors of H.R. 3840 were wise to propose its grade A standards as the basis for the development of the Federal Milk Sanitation Code which the bill would authorize.

Following the development of the milk ordinance and code, the Service expanded its milk sanitation activities in order to provide assistance to the many States and municipalities who were desirous of inaugurating programs for the control of milkborne disease. Today, our milk sanitation activities include: (1) Conduct of research and investigations; (2) education and training of State, local, and industry personnel; (3) provision of technical and advisory assistance to States, municipalities, and industry on milk sanitation problems; (4) development of recommended standards and technical procedures; (5) enforcement of the interstate quarantine regulations with respect to the sanitary quality of milk and frozen desserts served on interstate conveyances; and (6) participation with the States in a voluntary program for certification of interstate milk shippers. I would like to discuss the way this latter activity was initiated, since H.R. 3840 would require full utilization of State and local supervision and inspection, and State certification, in a manner quite similar to that now used in the voluntary certification program.

The development of local milksheds for each community in the United States resulted from the fact that milk, which is such an important dietary item, is a highly

perishable product, and that, until comparatively recent years, there was not sufficient refrigerated transport in use to move large volumes of milk long distances in relatively short periods of time. Because of the ever-present possibility of contamination of milk with disease organisms, and because, in the early years, the sanitary control of milk was not extensive, practically all States and municipalities included in their milk sanitation regulations, a requirement that no milk could be sold within their jurisdiction unless inspected at the source by their own personnel. Under the conditions then existing, this requirement was probably justified.

These conditions, however, have changed during the past 25 years. The expansion of population and growth of our metropolitan centers, with an attendant reduction of land available for dairy farming, has compelled communities to look to more distant sources for more and more of their fluid milk and cream supplies. In some areas of the United States this need has been limited to periods of seasonal shortage, but an increasing number of areas have found it necessary to import some milk throughout most of the year. This period of population growth has also been a period of great technological change. Developments in sanitation, farm refrigeration, processing techniques, and refrigerated transport now make possible the movement of quality milk and milk products safely to any point in the Nation.

As more and more communities found it necessary to supplement their milk supplies from outside sources, many health authorities took the position that it was unnecessary, and, in fact, wasteful of tax dollars, to send their personnel to make inspections of distant sources that were already under adequate supervision and inspection of another health agency. The problem this group faced was how to obtain reliable information as to the sanitary quality of the supply, and they urged the Public Health Service to set up a system to supply such information. Such a system was established in 1950, following a National Conference on Interstate Milk Shipments which was called by the Surgeon General.

Under this program, inspection and laboratory control of interstate milk supplies are performed by the States and municipalities in which the source of milk is located, using the Public Health Service Milk Ordinance and Code, and the rating method developed by the Service, as uniform criteria for evaluation. The States report to the Service those shippers whose products and plants have been rated by them in accordance with the applicable sanitary requirements, and the Service publishes quarterly, a list of the sanitation ratings of such certified shippers for the information of areas desiring to import milk. However, no shipper's rating is published without his permission. In order to validate the sanitation compliance ratings submitted by the States, the Service periodically spot checks such ratings and evaluates the work of each participating State, including its laboratory program. The basic features of this voluntary system are the same as those which the authors have incorporated into H.R. 3840, and identical bills.

This voluntary program has grown considerably during the last 8 years. In 1951, the first year of the program, 160 shippers located in 17 States were certified. The January 1, 1960 list of certified shippers includes the names and ratings of 700 interstate plants located in 35 States and the District of Columbia. These shippers obtain their supplies from an estimated 100,000-125,000 Grade A dairy farms. In our opinion, it has been helpful in facilitating the interstate movement of milk supplies of high sanitary quality into States and cities whose

regulatory officials are willing to accept such milk on the basis of the ratings made by the milk sanitation rating agency of the State in which the outside supply is located. However, being voluntary in nature, it has not and cannot eliminate the deliberate or unreasonable use of health regulations as trade barriers.

There is considerable evidence to indicate that milk sanitation regulations of States and municipalities are frequently used to obstruct the movement of milk of high sanitary quality in interstate commerce.

Such obstruction may result from legal limitations contained in the laws and regulations of a given jurisdiction; from practical difficulties in the inspection of farms or plants located in distant areas, when a community insists on making its own inspections as a prerequisite for acceptance of out-of-State milk; or may be a matter of administrative policy which has been established for economic purposes.

The U.S. Department of Agriculture, several years ago, conducted a study of the impact of sanitary requirements, Federal orders, State milk control laws, and truck laws on price, supply, and consumption, the results of which were published in Marketing Research Report No. 98. This study included a survey of the policies affecting the acceptance of milk in all communities over 25,000 population having full-time health units. The report states (p. 20) under "Examples of Restrictive Sanitary Regulations":

"By far the most common policy standing in the way of free movement of milk was the refusal of given jurisdictions to accept milk produced or handled under the supervision of other jurisdictions having substantially equivalent sanitary standards."

In the "Summary and Conclusions" section of the same report, the statement is made:

"Some markets prohibit outright the entry of milk from beyond specific limits. Others burden such entry by insisting on their own inspection and then delay or refuse to inspect, or levy discriminatory fees. Still other markets differentiate their regulations from those of surrounding areas without apparent necessity."

Our experience indicates that there are milk sanitation requirements and practices, of little or no public health significance, which impede or obstruct the movement of high quality milk in interstate commerce, or which limit the acceptance of such milk to periods of seasonal shortage. These are: (1) The charging of high inspection fees which distant shippers feel they do not wish to pay considering the volume of milk likely to be sold; (2) inclusion of certain detailed specifications in regulations which have little or no effect on the sanitary quality of milk, such as specific dimensions for cow barn gutters, and which are not required by the producing State; (3), refusal to accept milk from an out-of-State source, or even an intrastate source, because the producing jurisdiction does not have an identical bacterial standard in its regulations, regardless of whether or not the milk itself meets the bacterial count standards of the receiving jurisdiction; (4) refusal, or unwillingness, to inspect dairy farms or milk plants located beyond an arbitrarily fixed distance; and (5) more stringent application of sanitary standards to out-of-State sources than are enforced within their own jurisdiction.

The Association of State and Territorial Health Officers has given consideration to the use by some States and municipalities of health regulations as economic trade barriers to the free movement of fluid milk both in intrastate and interstate commerce. In an official report entitled "Need and Recommended Principles for Federal Milk Sanitation Legislation," it is stated:

"The association recognizes that States and their political subdivisions have the

right to exclude milk of questionable quality, but unanimously agrees that health regulations should not be used to restrict either the intrastate or interstate movement of milk of high sanitary quality. In this connection it is felt that the sanitary control of market milk and milk products cannot be divorced from the economics of milk production, processing and marketing, and that health agencies at all levels of government have a responsibility to avoid taking actions which cannot be sustained on public health grounds and which have an adverse economic effect on the dairy industry."

On this point, we would like to state that the Public Health Service has long held the view that milk sanitation regulations were for the express purpose of protecting the public health, and should not be used as a means of regulating the economic aspects of milk marketing. I would like to emphasize that our objections to the misuse of health and milk sanitation regulations as trade barriers do not stem from any opinion we may hold concerning the economic regulation of milk marketing. Our concern in this matter is that we believe public health regulations should be kept separate from economic regulations so that they will not be subject to economic pressures.

The policy of some local jurisdictions to insist that their own personnel make inspections of out-of-State milk supplies as a prerequisite for acceptance, even though such supplies may be under the full-time supervision of another health agency, leads to costly duplication of inspection services. Often a single supply may be inspected by authorities from six to ten different States or municipalities in a year's time. It is our view that, where an out-of-State source is under the routine supervision of a responsible milk sanitation agency, and means are available for obtaining reliable information on the sanitary status of the supply, duplication of inspection is wholly unnecessary as well as an expensive and wasteful practice to both the shipping and receiving jurisdiction.

Many of the advocates of direct inspection of out-of-State sources have taken the position that this is the only way that they can be assured that such supplies conform with their own requirements, and are safe for consumption within their own jurisdictions. On the other hand, there is wide agreement today among health authorities as to the basic requirements necessary to protect milk supplies, and the voluntary program for the certification of interstate milk supplies has demonstrated that States and municipalities can obtain reliable information on the sanitary status of out-of-State supplies without sending inspectors to distant sources. In our opinion, those agencies, which unnecessarily spend part of their health appropriation to duplicate the inspection services of other health agencies, would be better advised to spend such funds to strengthen local milk sanitation services, or for other more pressing health needs.

Commenting specifically on H.R. 3840, I would like to point out that this bill is quite different in approach and application from H.R. 7794 (85th Cong.) on which we reported unfavorably in 1958. Our position on that bill was based primarily on the view that the problem of trade barriers arising from the misuse of milk sanitation regulations was not of such dimensions as to justify so drastic a remedy as the expensive, far-reaching, pervasive, and overriding system of Federal regulation of all milk and fluid milk products in, or affecting interstate commerce, such as H.R. 7794 would have prescribed. We were particularly concerned with the "affects interstate commerce" clause of H.R. 7794, which appeared to us to call for a costly system of Federal inspection that would be superimposed unnecessarily on State and local inspection

services to such an extent that even intrastate supplies of most major milk markets would have been involved. Thus, we were of the opinion that H.R. 7794, if it became law, would weaken State and local milk sanitation programs considerably.

Following the hearings on H.R. 7794, the chairman of the Subcommittee on Health and Science, Committee on Interstate and Foreign Commerce, requested the Department to submit recommendations for changes which should be made in the event the committee should desire to give favorable consideration to the enactment of Federal milk sanitation legislation. In replying to this request, Assistant Secretary Richardson, in submitting a supplemental report on H.R. 7794, stated:

"We believe that, if there is to be Federal regulatory legislation on this subject, its objective—i.e., to prevent the use of State or local milk sanitation requirements as trade barriers to the free interstate marketing of milk and fluid milk products—could, and should, be fully achieved by a law far less drastic and costly to the Federal Government, one so designed as to avoid direct Federal regulation of, and Federal penalties on, persons engaged in milk production, processing, distribution, etc., and to keep Federal interference with the traditional authority and responsibility of States and localities for milk sanitation to the necessary minimum.

"This is also the conclusion of the Association of State and Territorial Health Officers, which had established a committee to consult with the Surgeon General on the advisability of Federal legislation in this field.

"The above-suggested approach would require preparation of a completely new bill."

Our review of H.R. 3840 indicates that its provisions are in accord with the specifications set forth in Assistant Secretary Richardson's supplemental report of December 17, 1958, as well as with the principles specified in the official statement and recommendations of the Association of State and Territorial Health Officers entitled "Need and Recommended Principles for Federal Milk Sanitation Legislation."

We would favor the enactment of H.R. 3840, with the minor amendments set forth in Secretary Flemming's report on the bill, for the following reasons:

1. H.R. 3840 would provide an effective means of eliminating barriers to the interstate shipment of fluid milk and fluid milk products resulting from unduly restrictive sanitation regulations and differing inspection requirements without displacement of existing local systems. It would apply the force of Federal law only where health regulations or enforcement practices unnecessarily obstruct the interstate marketing of wholesome milk of high sanitary quality. At the same time, it would preserve to all jurisdictions the right to reject milk which had been certified under the provisions of the bill if such milk failed to conform to the bacterial, temperature, composition standards, and other criteria of the Federal Milk Sanitation Code which would be promulgated under the act. It would not affect those jurisdictions which already accept milk from other States.

2. H.R. 3840 would utilize, subject to Public Health Service checks, the existing structure of State and local milk sanitation services for supervision, inspection, laboratory control, rating, and certification of interstate milk supplies, in a manner quite similar to that now used in the voluntary program for the certification of interstate milk shippers. It would utilize, as a basis of the Federal Milk Sanitation Code, the grade A sanitation standards of the milk ordinance and code recommended by the Public Health Service, current on the date of enactment of the bill. The recommended milk ordinance and code, as mentioned earlier, pres-

ently serves as the basis for the regulations of 36 States and over 1,900 local jurisdictions. This should remove the reservations that some health authorities, as well as industry people, may have concerning both the adequacy and practicality of a new Federal Milk Sanitation Code. Also, since the bill does not contain an "affects interstate commerce" clause, it does not deprive States and local communities of the right to exercise full sanitary control over their intrastate supplies.

3. We believe H.R. 3840 has other important public health implications. It would assure fluid milk and milk products of high sanitary quality to jurisdictions receiving milk and milk products under its provisions. In many cases, it would undoubtedly lead to an improvement in the sanitary quality of milk supplies by eliminating the need for utilizing supplies of inferior or questionable quality during periods of shortage. We also believe it inevitable that the immunities conferred by the bill, together with the prestige attached to compliance, to a degree of at least 90 percent, with the Federal standard, would inspire both industry and official milk sanitation agencies to seek necessary improvements in their local supplies. Consequently, we are certain that the bill would result in added health protection for consumers of milk in many areas.

4. H.R. 3840 would discourage State and local jurisdictions from sending their own personnel to make inspections of out-of-State milk sources and thus, to a large degree, would eliminate duplication of inspection.

5. The provisions of H.R. 3840 could be carried out by the Surgeon General of the Public Health Service at a relatively modest expenditure by the Federal Government. It is estimated that, if the bill should become law, the Public Health Service could carry out its responsibilities under the act at an estimated cost of \$630,000 for the first year of operation, \$834,000 for the second year, \$905,000 for the third year, \$976,000 for the fourth year, and \$1,046,000 for the fifth year, at which point, costs should level off. These cost estimates are in addition to approximately \$365,000 being spent in fiscal year 1961 for milk sanitation activities. However, while these estimates indicate that the statutory appropriation ceiling of \$1,500,000 per year contained in the bill would be adequate for some years, we urge that the dollar ceiling be eliminated from the bill, especially since our estimates are not a long-range forecast. As said in the Department's report on the bill, to "put a dollar ceiling in a health-regulatory measure, especially one which makes receiving States and localities depend on the ability of the Public Health Service to carry out its responsibilities under the bill in all eventualities, would be seriously objectionable. The budgetary process is fully adequate to assure congressional verification of actual requirements for the program."

I wish to thank the committee for its courtesy to me and to the Department in the presentation of his statement.

ROBERT CALDWELL, EDITOR OF BAYONNE TIMES, RECEIVES AD HUMANOS AWARD

Mr. WOLF. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. GALLAGHER] may extend his remarks at this point in the Record.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. GALLAGHER. Mr. Speaker, it is with a great deal of pleasure that I call to the attention of my colleagues a recent

award which was bestowed upon a most deserving gentleman—Robert Caldwell, editor of the Bayonne Times, a newspaper published in my district. Mr. Caldwell received the first Ad Humanos Award of Mount Carmel Institute of Adult Education. This award is given to an outstanding person in recognition of distinguished and noteworthy service in promoting the cause of the humanities and fostering in an exemplary manner the true spirit of good citizenship. Mr. Caldwell is most deserving of this award. He is a dedicated humanitarian whose diligent, faithful, and outstanding contributions are exemplified by his tireless efforts on behalf of Bayonne.

I wish to commend the institute for selecting such a worthy citizen as the recipient of this award. I want to congratulate and wish every continued success to Mr. Caldwell.

I would like to include as part of my remarks the following article from the Bayonne Times of April 7, 1960, in which their editor is honored:

INSTITUTE HONORS EDITOR OF TIMES, NAMES HIM FOR AD HUMANOS AWARD

Robert N. Caldwell, managing editor of the Bayonne Times had been named to receive the first Ad Humanos Award of Mount Carmel Institute of Adult Education, Rt. Rev. Msgr. Anthony A. Tralka, president, announced today. The award is "given to an outstanding person in recognition of distinguished and noteworthy service in promoting the cause of the humanities and fostering in an exemplary manner the true spirit of good citizenship."

Stanley P. Kosakowski, spokesman for the awards committee, lauded Caldwell "for the past 13 years of service to the citizens of Bayonne with such steadfastness of purpose, courage, and ability, with dignity and wisdom as well as prudence in the exacting and challenging post of managing editor of the Bayonne Times."

"During his tenure, the Ad Humanos Award recipient has unceasingly stressed and heralded the good and wholesome, maintaining the high standards of ethics and morality so sadly neglected by many in journalism today," Dean Kosakowski continued: "Caldwell has thus helped make and keep the Bayonne Times so typically a good community and family newspaper—one with a heart—serving all the citizens in all parts so effectively."

"Editor Caldwell, by his constant, faithful, and diligent efforts has helped promote the idea that Bayonne is a good place to live and work and is a good neighbor, as evinced by his provocative and timely editorials, by maintaining a thoughtful and challenging youth page, by his treatment of political issues and news items so intelligently and objectively. Also by the impressive and well balanced social page, by the complete, and comprehensive coverage of local sports news, by the selection of many inspiring, and informative feature articles that appear in the pages of the Bayonne Times, and by an adequate reporting of church and religious news and indeed by the integrity of reporting daily happenings in the community."

"The 1960 award winner has performed his duties with steadfastness of purpose in spite of many difficulties, obstacles, and barriers, taking the lead in critical areas to help make the lives of all the people in the community and Nation a better, friendlier, and safer place to work and live amidst the bountiful gifts showered on us by Almighty God," Kosakowski continued.

"Mount Carmel Institute being an integral part of the community, feels that it has

honored itself by bestowing this honor upon Robert N. Caldwell, who in the opinion of the committee, after a careful and diligent study, was considered to have contributed much for the cause of humanity, so that his works and example serve as a beacon for the rest to see and imitate in the great cause of the humanities.

"Being mindful of these outstanding qualities the president and faculty of Mount Carmel Institute of Adult Education wish to recognize and extend their sincere and whole-hearted appreciation to Robert N. Caldwell, for his outstanding contributions to the citizens of Bayonne and to commend him and the publisher and staff of the Bayonne Times for their faithful and unselfish efforts."

Caldwell was born in Titusville, Pa., and attended schools there, in New York, and in Hasbrouck Heights. After graduation from Columbia he worked with the Bergen Evening Record for 13 years, and then spent 2 years in business in New York before coming to Bayonne in 1947.

THE TEAMSTERS UNION

Mr. TOLLEFSON. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and to include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. TOLLEFSON. Mr. Speaker, I have received several communications relative to the Teamster monitoring system which is now in effect under an order of the U.S. District Court for the District of Columbia. All inform me that the members of the Teamsters Union, who number some 1,600,000, desire to hold a convention for the purpose of electing a president at a free and open election. They have been denied the right to hold such an election. Editorials appearing in the Wall Street Journal, the Nation, the Detroit News, and the Toledo Blade have commented on the situation which exists, and have agreed in general that during the approximately 2 years of monitoring nothing much has been done about Hoffa and the Teamsters. These editorials have not reflected much credit upon the court having jurisdiction of the case or the monitors.

Copies of the editorials have heretofore been printed in the RECORD and therefore it is not necessary to ask that they be printed again in connection with my brief remarks. However, an excerpt from the editorial of the Nation merits attention, and reads as follows:

The truth is that to deprive union members of the right to vote for their international officers is no more defensible, legally, than to deprive stockholders of their right to elect officers of United States Steel.

The consent decree in the case pending in the district court provided for a board of three monitors to serve until a new convention for the election of Teamster officers. The Landrum-Griffin bill of last year provided for the calling of such elections. Yet the Teamster members are denied the right to hold one by virtue of the actions of the monitors and the court. It seems to me that this situation is one which merits the early attention of Congress.

One of the communications I have received is a telegram from members of a

Teamster local in my State. I include it herewith:

SEATTLE, WASH., April 20, 1960.

Hon. THOR TOLLEFSON,
Member of Congress, House Office Building,
Washington, D.C.:

We, the undersigned rank-and-file members of General Teamsters Local No. 174, hereby petition Congress for redress of grievances:

1. Undue delay of the monitorship has led to the squandering of over \$1 million of Teamsters rank-and-file moneys and the denial of our basic rights to a convention to elect officers of our own choosing as guaranteed by the Landrum-Griffin law.

Please use your good offices to bring this matter to the attention of Congress and the appropriate congressional committee to investigate the misconduct of the monitors and the Federal court judge and cause the necessary remedial legislation.

Henry W. Pratt, Walter C. Hinricksen, Ernest W. Ottosen, Richard S. Leitch, Glenn F. Hoffand, George Crain, Everett Olerud, Dante Crenna, Harry Winchester, Wallace E. Scott, Edward Joseph, Jr., H. D. Maltby, Frederick S. Richard, Danny Hislop, George S. Corner, Stacy W. Barton, Lester D. Jackson, Bob E. Lackey, Art Monroe, John R. Stocker, Mel Ream, Gus Stumpf, Floyd Sumey, Dwight L. Finch, Leslie W. Lamb, Jack D. Tarrant, George S. Kuklenski, Robert N. McDaniel, Vic Calderon, Don Wilston, George K. Woodruff, Nicholas Matula, Glen Sargent, Mike R. Boyovich, Dale E. Heltsley, Clayton E. Reid, Bill Heron, Ralph Bingham, George Malm, Leo Foti, R. P. Raffensberger, Leonard Smith, Clifford Graham, Bertil H. Stromback, Doris Ridenour, Ralph B. Ledbetter, Orville L. Brown, Jeano Ceccarelli, George S. Case, Archie Carrossino, Nick Vacca, V. R. Mattson, Bruce Ed Miller, William H. Bartee, James Menaglia, Steve Gaudino, Karl C. Woehle, Mario Bevilacqua, Charles M. Wilber, Wesley P. Dew, D. McCallom, M. M. MacPherson, Dominic Colello, Don Rousu, Walter Seltz, Martin J. Kearney, Raymond H. Dietz, William J. Divers, Jr., Gary Johnson, D. S. Larson, R. W. Sager, D. L. Cody, Donald E. Anderson, Frank J. Noble, Robert E. Dugan, John S. Thomas, Raymond H. Johnson, Carl Horne, Reginald D. James, Walter E. Watson, David W. Andrews, Oscar M. Lundstrom, Lloyd Laplante, W. H. Harrison, Thomas V. Peterson, Stanley Mitzak, Howard Haup, William Barnes, Louis Loisel, W. Chapman, Leo Krettle, Jim Anderson, George Lavoy, Dick Casebere, John W. Dietz, Frank Eliason, Harry A. Hastings, Reenhold Sell, Marcus J. Nolan, H. W. Telquist, Elmer Knisley, John Johnson, Bill De Vorse, Mike Rechey, I. Jack Lacher, George R. Axtel, Hugh A. Tankersley, Wm. C. Douglass, F. E. O'Brien, Archie R. Klithourt, James E. Gatis, Kenneth R. Burns, J. Ray Tunison, Chris Fryderland, Dave Greenlee, Arthur L. Lamm, Thomas J. Hall, Geo. W. Clayton, A. J. Spaetiz, E. N. West, H. W. Horton, W. W. Armstrong, R. L. Shaw, John P. Donaher, Wm. Wallace, John F. Sniderman, Lloyd Nelson, David R. Galvin, Eric R. Lindberg, Jack L. Anderson, Lee Bratton, Bob Clark, L. O. Laxton, Clare G. Bingham, James Jangewood, Charles R. Sundstrom, George Scanlon, Jay Hershey, Jess L. Powers, B. O. Anderson, Rodney R. Kliner, R. E. Hudson, H. L. Botchler, Winfield Myers, John Annear, George H. Sturgio, Oliver W. Jacobson, E. A. Ribb, Joe

Winkle, Ray S. Edwards, Paul E. Jacobson, Charlie Kline, Michael J. Brady, James Thorpe, Fred L. Keyes, Fred M. White, Bob Cragg, Pete Peters, Morris Cody, F. Nooney, Ernest A. Ford, Donald E. Hallett, Earl Robinson, Melvin G. Thomas, Fred L. Pitcher, David A. Collin, John Fattom, Frank Pugel, O. Fladmark, G. Pittmaurille, F. Pennington, Donald L. Anderson, Arthur J. Erickson, David Franco, Harold Ray, George Hammericksen, Eugene E. Judd, Bryce E. Brown, Robert Bakkus, Bunton J. Heath, Victor W. Johnson, Fred G. Allinson, Jr., Joseph H. Ginecchi, Robert J. Sullivan, Gene R. Crosse, Mich. Mau, John Rogers, David E. Gault, H. T. Jenseth, R. Gardner, W. Coause, J. Kain, F. Hanson, D. Marion, R. Bolstern, John Lopez, James McElhinny, L. A. Nelson, Elmer Madde, Wes Warner, Bert H. Keush, H. Richards, J. J. Curti, Wm. F. Mogden, Earl Hendrickson, Ronald Scheidt, W. S. Smith, Jr., L. U. Easter, Donald Werner, Joe Ferrelli, Bud Richardson, Robert McCoy, Robert J. Paul, Bert Scribner, L. D. Briggs, Wayne Hall, Stu Goranson, Harry G. Fisk, Jack E. Reynolds, Harold A. Hill, M. A. Nick Telquist, Vernon T. Nielsen, Geo. L. Stensen, George W. Auld, Vincent J. Comisso, M. L. Berry, Leroy Reid, Richard Kroening, Allen C. Kilby, James Martineau, Nelson Chamberline, Billy Ray Adams, William Reese, Martin C. Kalkenroth, E. D. Schwartz, J. C. Catterlin, J. S. Yeoman, E. H. Jones, D. E. Meier, C. R. Shaw, Harold Kenney, A. Ellis, George R. Coleman, C. P. Brown, Walter Wendt, William Cokir, Robert Peterson, Ed Ruthensky, Bud Dove, Geo. Rossback, Amonn J. Hash, T. R. De Jausserand, Lee S. Claver, Hugh A. Osburn, William T. Fury, Paul McGuair, Theron Thomas, Howard H. La Duke, J. L. Willett, J. W. Garbysh, J. E. Stephens, Eli J. Marringer, Roy H. Lund, Harry McKenzie, James V. Harrison, Geo. M. Harry, Andrew P. Sullivan, Ray J. Mangeni, Weigent La Poma, Danel N. Osborn, James P. Martin, Jr.

FEDERAL MINE SAFETY ACT

Mr. GRIFFIN. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. SAYLOR] may extend his remarks in the body of the Record and include extraneous matter.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. SAYLOR. Mr. Speaker, it was indeed gratifying to learn of the overwhelming approval by the U.S. Senate of the bill introduced by the senior Senator from Pennsylvania, Mr. CLARK, and cosponsored by others, to extend the protection of the Federal Coal Mine Safety Act to all miners, regardless of the size of the mine in which they work or the number of men employed in those mines.

Those Members of Congress who participated in the debate and passage of the Federal Coal Mine Safety Act in 1952 recall the testimony that led to the enactment of that law.

Every year since that time the U.S. Bureau of Mines, the United Mine Workers of America, and the individual operators have requested Congress to amend this act, thereby extending its provisions to mines employing less than 14 men.

A coal miner should be entitled to the protection of the best safety conditions regardless of the number of men who work with him. His life is just as precious to him and his family regardless of the size of the operation.

The arguments against this bill have been principally economic. I personally believe that a mine that affords adequate safety regulations for its miners will be a better mine from the operators standpoint. It seems rather ridiculous to say that if you employ 14 or less miners you can disregard their safety, but if you employ 15 men you must make their working conditions safe as provided in the Federal Coal Mine Safety Act of 1952.

I again congratulate the Senate on its overwhelming vote and hope that the House Committee on Education and Labor will soon bring this bill to the floor for speedy passage.

TWELFTH ANNIVERSARY OF THE STATE OF ISRAEL: THE MIRACLE OF THE IMPOSSIBLE

Mr. IRWIN. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. TELLER] may extend his remarks at this point in the Record.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. TELLER. Mr. Speaker, if a miracle is that which transcends the bounds of the possible, then this year on May 14 we celebrate the 12th anniversary of a miracle—the rebirth of the State of Israel. To paraphrase the words of the 17th century British poet, Andrew Marvell:

This state was a birth as rare
As dream and hope could ever be;
It was begotten by despair
Upon impossibility.

For it seems impossible that a people dispersed through countless countries for countless centuries should have held to a dream of returning to their original homeland. Yet faith in this dream did not die despite the oppressions and persecutions the descendants of Israel so often endured in so many lands. It seems impossible that a people so long alienated from agrarian pursuits should have tried to turn an arid wasteland into a fertile orchard. Yet their endless endeavor and patient perseverance caused water to flow, trees to grow and fruit to flourish. It seems almost impossible for a long-passive people to have dared to brave the onslaught of numerically superior forces that threatened with force of arms to engulf them from all directions. Yet in desperation the people long known as the "People of the Book" took sword in hand and successfully defended themselves against overwhelming odds. This was truly a triumph of faith, courage and endeavor over impossibility.

When after 2,000 years the State of Israel rose again like a phoenix from the long-dormant desert, it was only to face a challenge whose very magnitude made survival seem impossible. This was the challenge of accepting and absorbing

the thousands and thousands of Jews who desperately needed a place of refuge and rehabilitation.

The problems facing the new State seemed already insuperable without this additional task. First there was the ever-present problem of defense. Ringed around by hostile nations eager to obliterate them, the people of Israel were forced to expend much of their resources and energies to maintain a perpetual state of preparedness. To protect the borders was not easy. For in Israel, smaller in size than our State of Massachusetts, no settlement except in the southern Negev is more than 20 miles away from an Arab frontier. Then there was the problem of meeting the minimum needs of the people already in the country. Despite the intensive efforts of several generations of dedicated pioneers on the land, Israel was far from supplying her minimum food needs. Much had still to be done in the way of irrigation and land reclamation to make the barren and rocky soil fit for further cultivation. Little industry existed in Israel in 1948 and nearly all of the manufactured commodities consumed needed to be imported from abroad. These were but a few of the many problems upon whose solution depended the survival of the country and its people.

Yet Israel could not close its doors to the multitudes who needed entry. For to have done so would have been to deny its own roots and spiritual heritage. The proclamation of independence had stated:

The State of Israel will be open to Jewish immigration and the ingathering of exiles.

And the exiles came—from 4 continents and 70 countries. They came individually, in single family units, and in triple-generation patriarchal clans. They came from almost as great a variety of backgrounds as this world can offer. From the DP camps in Europe came the wan survivors of the Hitler horrors, the refugees from central Europe and those who could get out from the Iron Curtain countries of Eastern Europe. From the Near East came the victims of Arab retaliation—Syrian Jews from across the border, Iraqi Jews from the bazaars of Baghdad and the hills of Kurdistan, Yemenite Jews whose ways had not changed from the days of the Old Testament. They emigrated from north Africa—cosmopolitans from Cairo and Casablanca and rural groups from the remote Atlas Mountains. They emigrated from more distant Asia—Iranian Jews from Teheran and Isfahan and Indian Jews from Travancore-Cochin. From England, from South Africa, from New Zealand, from the United States, and from Canada, they came as pioneers to contribute their knowledge and skills to the building up of the reborn state.

During the first 3½ years of modern Israel's existence, over 684,000 entered Israel, taxing its limited facilities to the utmost. By now the total number of new immigrants has reached almost a million. This means that the Jewish population of 650,000 at the time of Israeli independence has had to absorb

twice its own number in a scant dozen years.

This was not merely a matter of opening the doors and making a place for people prepared for the rigors of resettlement in a harsh and challenging environment. For many of the new immigrants did not come, as did the early wave of settlers, with a sense of mission and a zeal for breaking ground in agricultural pioneering. Nor did they come, as did the latter wave of pre-state settlers, with the skills and trades and professions vitally needed in a newly developing country. Most arrived without money and means of any sort. Fewer than 2 percent had had any agricultural experience. Over half lacked vocational professional training. Included among them were large numbers of children, of aged and ill, urgently in need of medical attention and of social services of all types.

Food was in short supply, but they had to be fed. Textiles were in short supply, but they needed to be clothed. Housing was scarce, but they needed to be housed. They came speaking many tongues and needed to be taught the language of the country. They needed to be trained in productive tasks and given employment to become self-sufficient. Coming from a variety of cultures with many different customs, they needed help to integrate themselves into the social and cultural climate of their new home.

To provide all this in so brief a span of time seemed truly impossible and yet this Herculean task was accomplished. Plans were drafted by numerous governmental and semigovernmental agencies and resources, energies and manpower channelled into absorbing the immigrants into the already strained economic fabric of Israel. At first the immigrants were taken into reception centers and transitional camps where immediate survival needs were met but they were dependent upon continued assistance. In 1954, a new policy was instituted, called "From Ship to Settlement." This made provision for the new immigrants to be sent upon arrival to specific settlements and development areas where housing had been prepared and work was available.

To these settlements came doctors and nurses, teachers and technicians, agricultural advisers and irrigation specialists, social workers and numbers of other skilled specialists to help in the process of adaptation. Young Israelis sacrificed their individual ambitions to aid the immigrants to establish themselves. Old pioneers who had long earned the right to rest from their labors worked again to give the newcomers the benefits of their experience.

Today there is hardly a transitional camp left in Israel. Since 1948 more than 150,000 homes have been built for the new settlers. Where barely a few years ago was nothing but sand and stone, flourishing communities are growing and spreading. People who a short time ago had seen nothing more mobile than a camel are operating tractors and elaborate mechanical equipment. Schools and community centers and adult education institutes are pro-

viding a variety of courses, including intensive training in the Hebrew language. Over 400,000 adults have learned Hebrew in the last decade. What seemed impossible is being attained at an incredible rate of speed.

Not only has Israel, beginning with such limited sources, succeeded in absorbing these immigrants, but at the same time she has succeeded in expanding these resources at a remarkably impressive rate. In the first decade of her existence, for example, the land area under cultivation grew $2\frac{1}{2}$ times. This feat is remarkable enough. But I am sure this audience needs no reminder that the land when the Israeli state was established was not like our own rich upstate New York, Ohio, or Iowa soils into which our own forefathers were fortunate enough to be able to move. The Israeli pioneers had to move into seemingly arid, almost desert-like areas where little rain falls and where any water, if it is to be had, must be brought long miles through costly irrigation systems. The desert land is fruitful soil if only the precious, life-giving water can be brought to it. And through tremendous efforts, the irrigated area of the land has been more than quadrupled. Almost 500 new agricultural settlements and villages were established in less than a decade. Earlier, these settlements, particularly in the desert Negev area, were mainly strung along the coast where there was some rainfall. But now that desert is spotted with green and verdant fields, drawing from the soil and the new water a rich garden of nature's fruitfulness.

Agricultural production, for example, has almost tripled and new crops have been introduced. The country has sought to produce crops for home consumption and for export. Cotton was first sown in 1953, for example, and now it supplies almost 40 percent of the local needs. The sugar beet was first planted in 1951 and is now not only cultivated but it is processed locally to contribute to Israel's standard of living, the highest in the area. Israel is already self-sufficient in the production of eggs, poultry, dairy and milk products, although a decade ago much of her dairy supplies had to come from abroad. The new Israel, like Palestine before it, is noted for its luscious oranges that are favored in many foreign markets, and the country is now self-sufficient in fruits and vegetables.

Prior to 1948, as I have said, there was little industry. But now Israel is the most industrialized area of the Middle East, exporting industrial as well as agricultural commodities. A remarkable variety of goods are now turned out by Israeli factories. Rubber tires, textiles of many types, canned foods, electrical equipment like radios and bulbs are all produced. Her ceramics and chemical industries derive largely from her own resources. Building materials she has aplenty, like cement. Her skilled immigrants have brought the difficult craftsmanship to manufacture industrial diamonds and to cut rough diamonds into beautiful and useful shapes. After many years of exploration, much discouragement but persistence, oil was fi-

nally located in the Negev, and domestic oil production now meets one-tenth of the country's needs. A lengthy pipeline winds its way from the Gulf of Aqaba and then across the desert to Beersheba. Its extension to the Mediterranean may make possible the movement of oil across from the Red Sea to the Mediterranean without having to depend upon the good will of the Egyptian Government. From the Dead Sea and the desert of the Negev minerals such as potash, copper, and phosphate are being extracted. Thus from very small beginnings, in one decade Israel has been able to develop many of the industries which distinguish industrial from agricultural countries. The skill, the dynamic drive and the enterprise of Israel's intelligent population have together made great things happen in Israel.

It is no devaluation of the Israeli achievement to point out that this remarkable economic and industrial growth is not alone the result of Israeli efforts on Israeli soil. Without their vision and skills these achievements were not possible. On the other hand, it is only just to note the very important role that foreign resources have also played in this development. Aid from abroad has been very large, not by comparison with the need, but in proportion to the population. Extensive loans and grants have been made by our Government. The Jewish community of the world has contributed to this great cause. Indeed, without the voluntary contributions of millions of the more favored members of the Jewish community, the entire enterprise would long ago have foundered. Moreover, Israel's finances have been helped over several rough patches by reparations from Germany—however bitter the recollection of what the Nazis did to decimate the Jewish community in Western and Eastern Europe. And the release of frozen sterling balances from London also helped. Moreover, Jewish and non-Jewish firms have invested directly in enterprises in Israel, investment decisions which brought technical know-how, sales organizations and other economic advantages. Although there were groups within Israel who by reasons of doctrine and obsolete political ideas thought that all private enterprise was "exploitive" and "imperialist" and what not, the government and preponderating opinion were wise enough to see that good could come of setting those conditions that would attract foreign investors. And this has certainly proved its value to the growing economy.

Yet even with such aid, this could not have been accomplished without the constant devotion to effort and dedication to the national purpose of a people bent on building their homeland into more than a mere place of refuge. Visitors to Israel have come away impressed with the sense of mission and urgency that have characterized Israelis in all lines of activity. They have seen the government planners in shirt sleeves too busy to stand on ceremony. They have seen men, women, and children walk miles each day under the burning desert sun carrying pails of water to water a plant that will one day become a tall tree. They have seen men man the border

settlements with a plow in one hand and a rifle in the other, while their wives calmly bear babies and bring them up under the threat of gunfire and infiltration.

But today I do not want to dwell too long on the accomplishments of Israel, numerous and impressive though they are. I rather wish to emphasize the significance of these accomplishments for the world outside of Israel. And I want to stress the new and vital role that Israel has undertaken in recent years to strengthen the free world.

Today Israel stands as living proof that rapid economic development and social change can successfully take place within the framework of democratic political institutions. And today Israel stands as a sterling example that East and West can meet with understanding and truly work together as partners in progress.

One of the major question marks in the world today is the future of the newly independent countries of Asia and the presently emerging countries of Africa. They have achieved and are achieving political independence. They have asserted their preference for democratic forms of government. But if political democracy cannot soon secure for these nations the economic gains and the rising standard of living traditionally associated with the democratic way of life, there is the danger that they may decide to dispense with democracy. For two systems are competing today in the race to banish poverty and privation from the underdeveloped areas of the earth. One is the system of force and the other the system of freedom.

Israel stands not only as a bastion of democracy in the Middle East where democracy is faltering and may be failing. But Israel, which itself has faced and overcome most of the problems which plague the newly independent states, has dramatically proven that they can be overcome without sacrificing democratic processes.

One of the major difficulties facing the new countries is the achievement of national unity among populations composed of many different ethnic, cultural, and linguistic groups with diverse customs and diverse interests. Few other countries have as heterogeneous a population as Israel, whose people may have derived from one religious and spiritual heritage but represent many different cultures, customs, and traditions of behavior. Yet in the towns, the villages, and in the army, they have learned to live and work together, to reconcile and blend their differences and to fuse their various contributions into a national culture and consciousness.

What probably strikes the first-time visitor to Israel most strongly is the extreme variety of physical types encountered in the streets of any of the large cities. Side by side in the cafes sit tall, blue-eyed, tow-haired, and pale-skinned people who might have come from the fords of Scandinavia and slight, blue-black-haired, brown-skinned people who would certainly be indistinguishable in any Indian gathering. Next to a squat, thick-set and stalwart man

who may have come from the steppes of Russia walks a curly tressed, liquid-eyed, and copper-toned beauty who may have once peered from behind a tent in Yemen. Not only in the cities but in the slopes of the vineyards and in the fields of cotton one sees working side by side Jews from Johannesburg and Jews from Morocco and an army unit marching by may be formed of men formerly from 40 countries.

Yet Israel has managed to absorb these people and the ideas and institutions they have brought with them from various parts of the world and reshape them to her needs without force and without sacrificing political stability and the freedoms of speech and press and assembly. Late last year Israel had another national election and 12 parties out of the 24 which ran slates are represented in the Knesset, the national parliament. These parties represent a wide variety of points of view and interest groups. It may be noted in passing that the non-Jewish population of Israel, mainly Arabic, are also represented in parliament and are also being brought into the modern national life through training and educational facilities and encouragement in the use of new techniques and materials.

The results of this election are also significant in several ways. For the Mapai, the leading party which has pursued policies oriented to the West, gained in strength and the Communists and leftwing groups which have advocated neutralism declined in strength rather dramatically. The Mapai Party seems to be showing a new look as its leadership has been augmented by a younger generation of men, such as former Chief of Staff Moshe Dayan, former Ambassador to the United States and to the United Nations Abba Eban, and former Director General of the Department of Defense Shimon Peres. These are men who seem to favor nonpartisan, pragmatic approaches to problems rather than holding to the doctrinaire socialism of the older leaders.

And it is in this area of offering pragmatic solutions to existing problems that Israeli economic methods can serve and are serving as models for underdeveloped areas. For Israel has successfully developed a number of economic and social forms of organization to meet the problems of economic development and social change as they arose. Side by side in Israel exist: the communal kibbutz where work is organized on a collective basis; the moshav, or smallholders' settlement, where families work individual farms but buy and sell through central cooperatives; several variants of both of these; and all the forms of private, public, and mixed enterprises.

This is one of the reasons why African and Asian countries, faced with the problem of stimulating economic development among elements of their populations whose social forms have been tribal and communal and cooperative, look to Israeli experience and seek assistance and advice from Israeli experts. In Ghana, Israeli advisers have been assisting with plans to create farming communities modeled on Israeli kibbutzim and mo-

shavim. In Nigeria, Israelis will supervise the initial development of 12 plantations patterned on her cooperative farms. The new African Federation of Mali, formerly French West Africa, is sending its young Senegalese and Sudanese for study visits to Israel and its president has recently asked for Israeli advisers on farm development and advice on the diversification of agriculture. Fifty-six Burmese have spent a year living and working on collective and cooperative settlements in Israel. It may be noted that, although some of these countries contain Moslem population elements and although they are linked to the Arab nations in the Bandung bloc, they have nevertheless resisted the pressure from the Arab bloc against maintaining ties with Israel. This suggests that in the search for solutions to common problems, political differences and religious distinctions may be transcended. And it is to be hoped that ultimately Israel's Arab neighbors will abandon their hostility and work with her in the development of the whole of the Near East area.

It is an oversimplification to say that Israel, having received aid in her time of greatest need, is in turn rendering aid to those who now need it. It is perhaps truer to say that many countries and many peoples of the world have participated in the building of Israel with advice and encouragement and funds. And Israel is now participating as a partner in the building of other countries which face problems similar to those she faced a decade ago.

As we have seen, Israel is peculiarly fitted to serve as a bridge between the West and the underdeveloped countries of Africa and Asia with which she has so much in common. She is a small country as most of them are small and she is not aligned militarily with any one of the major power blocs. This makes for a certain psychological rapport and allays the suspicion of strings that too often attaches to aid from the major powers. Israel began as they are beginning, with limited natural resources, short supplies of capital, and the social problems of a people in various stages of transition from traditional to modern ways of life. Israel has learned the hard way, as must many of these countries, how to deal with the problems of soil conservation, land reclamation, reforestation, water control, malaria control and the provision of social services to peoples desperately in need of them. And Israel is eager to share the knowledge she has obtained with those countries who can use it.

It is not merely in the field of technical assistance that Israel is working in partnership with the new nations of Asia and Africa, but also in the fields of investment and trade. One of the outstanding examples of joint investment has been that between Israel and Ghana. In 1947, there was incorporated in Ghana a new merchant fleet, the Black Star Line, 60 percent owned by the Government of Ghana and 40 percent by a private Israeli corporation, the Zim Navigation Line. Zim has been managing the line and training seamen from Ghana on the job, while the Israeli Gov-

ernment provided a mission to train merchant marine officers at the newly established Accra Nautical Academy. Ghana has saved so much in foreign exchange that she recently bought out the Zim interests. Another Israeli concern is in partnership with the Ghana Industrial Development Corp. in a building construction enterprise. Israel diamond interests have formed a partnership with the Guinea Government to market the output of Guinea diamond mines. Japan and Israel are planning a joint tuna-fishing operation, and Hong Kong and Israel a shipping partnership.

At the time when both Burma and Israel suffered acutely from a shortage of foreign exchange, Burma bartered rice for Israeli tires, machinery, and tools. Burma has had perhaps the longest technical assistance and trading relationship with Israel dating from the visit of the Burmese Prime Minister, U Nu, to Israel in 1955. Since then Burmese officials, technicians, and students have been studying in Israel and Israeli engineers, architects, doctors, agricultural specialists, and economists have been employed in Burma. Israeli technicians have been helping Burmese to grow wheat and this wheat is exported to Israel in return for industrial products and fertilizers. Israel is also contributing assistance to Burma's defense. Badly in need of military equipment herself, she nevertheless sold to Burma 20 Spitfires and provided pilot and maintenance training. In a communal settlement on Israel's northern frontier have been living a group of Burmese Army officers and their families. They are studying the possibility of introducing the Israeli system of strategic agricultural border settlements along their own insecure northern frontier.

Israel's developing relations with the Asian and African world are indeed of importance to the future of the free world everywhere. In the words of one commentator:

The Israeli model might well prove to be a sort of economic third force, an alternative from the Western pattern but certainly far more compatible with free world interests than any Communist model.

Because Israel has accomplished the seemingly impossible, she can provide inspiration for the countries who might doubt that development is possible without authoritarianism. The example and efforts of Israel may well be crucial in deciding whether democracy or totalitarianism is the path of the future for Asia and Africa.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. ROONEY (at the request of Mr. SANTANGELO), for the balance of the week, on account of illness.

Mr. RIEHLMAN (at the request of Mr. ARENDS), for the remainder of this week, on account of official business as a member of the Board of Visitors to the Military Academy.

Mr. CHELF, from April 27 to and including May 20, 1960, to serve as a U.S.

delegate to the meeting in Naples, Italy, of the Council of the Intergovernmental Committee for European Migration.

Mr. CLARK (at the request of Mr. CLEM MILLER), for April 27 and 28, on account of death in his family.

Mr. KILDAY (at the request of Mr. IKARD), for today, on account of official business, being in attendance as a member of the Board of Visitors, U.S. Military Academy, West Point, N.Y.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. KASEM, for 1 hour, today.

Mr. PUCINSKI (at the request of Mr. MACHROWICZ), to address the House on Tuesday for 1 hour.

Mr. ANDERSEN of Minnesota, for 1 hour, on Tuesday next.

Mr. THOMPSON of New Jersey (at the request of Mr. ALBERT), for 1 hour, tomorrow.

Mr. CLEM MILLER, for 15 minutes, tomorrow.

Mrs. DWYER (at the request of Mr. GRIFFIN) to address the House tomorrow for 10 minutes following the regular business and other special orders heretofore entered.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. DULSKI.

(At the request of Mr. ALBERT and to include extraneous matter the following:)

Mr. DENT.

Mrs. KELLY.

Mr. HOLLAND.

Mr. POAGE (at the request of Mr. IRWIN) and to include extraneous matter.

(At the request of Mr. GRIFFIN, the following Members to extend their remarks and include extraneous matter in the RECORD:)

Mr. SAYLOR.

Mr. HOEVEN.

Mr. HOSMER.

Mr. BROYHILL.

Mr. VAN ZANDT.

Mr. WEAVER.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 1751. An act to place in trust status certain lands on the Wind River Indian Reservation in Wyoming.

ADJOURNMENT

Mr. IRWIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly (at 5 o'clock and 55 minutes p.m.) the House adjourned until tomorrow, Thursday, April 28, 1960, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2094. A letter from the Acting Assistant Secretary of Defense (Supply and Logistics), transmitting reports submitted by the Departments of the Army, Navy, and Air Force for the period July 1 to December 31, 1959, listing contracts (and modifications thereto), negotiated under the authority of sections 2304(a)(11) and 2304(a)(16) of title 10 United States Code, pursuant to title 10 United States Code section 2304(e); to the Committee on Armed Services.

2095. A letter from the Comptroller General of the United States, transmitting a report on a review of the policies and practices of the Department of Labor and the States regarding unemployment compensation payments to retired Federal employees who are receiving retirement annuities; to the Committee on Government Operations.

2096. A letter from the executive secretary, American Chemical Society, transmitting the annual report of the American Chemical Society for the calendar year 1959, pursuant to Public Law 358, 75th Congress; to the Committee on the Judiciary.

2097. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation entitled "A bill to make American nationals eligible for scholarships and fellowships authorized by the National Science Foundation Act of 1950," to the Committee on Science and Astronautics.

2098. A letter from the Acting Assistant Secretary of Defense (Supply and Logistics), transmitting reports on Army, Navy and Air Force prime contract awards to small and other business firms, pursuant to section 10 (d) of the Small Business Act, as amended; to the Committee on Banking and Currency.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BARDEN: Committee on Education and Labor. H.R. 9070. A bill to amend section 8(b)(4) of the National Labor Relations Act, as amended; with amendment (Rept. No. 1556). Referred to the House Calendar.

Mr. HARRIS: Committee on Interstate and Foreign Commerce. H.R. 4815. A bill to insure effective regulation of D.C. Transit System, Inc., and fair and equal competition between D.C. Transit System, Inc., and its competitors; without amendment (Rept. No. 1557). Referred to the Committee of the Whole House on the State of the Union.

Mr. PRESTON: Committee of conference. H.R. 10234. A bill making appropriations for the Department of Commerce and related agencies for the fiscal year ending June 30, 1961, and for other purposes (Rept. No. 1558). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BYRNES of Wisconsin:

H.R. 11930. A bill to extend and expand the conservation reserve under the Soil Bank Act; to the Committee on Agriculture.

By Mr. ABERNETHY (by request):

H.R. 11931. A bill to amend the act of March 3, 1901, with respect to the time within which a caveat to a will must be

filed in the District of Columbia; to the Committee on the District of Columbia.

By Mr. BARING:

H.R. 11932. A bill giving the consent of Congress to a compact between the State of Arizona and the State of Nevada establishing a boundary between those States; to the Committee on the Judiciary.

By Mr. ELLIOTT:

H.R. 11933. A bill to provide increases in compensation for food service workers and laundry workers under the Veterans' Administration; to the Committee on Post Office and Civil Service.

H.R. 11934. A bill to promote greater equity in the administration of the pay systems of employees in the Veterans' Administration under prevailing rate schedules by providing for certain adjustments in the compensation of such employees; to the Committee on Post Office and Civil Service.

By Mr. HALPERN:

H.R. 11935. A bill to authorize the Secretary of Health, Education, and Welfare to make grants to the States to assist in the provision of facilities and services for the day care of children; to the Committee on Education and Labor.

By Mr. HARMON:

H.R. 11936. A bill to stabilize the sales economy of the United States by prohibiting advertising in commerce of any article produced in a foreign country unless the advertisement clearly states the country of origin of such article; to the Committee on Interstate and Foreign Commerce.

By Mr. HESS:

H.R. 11937. A bill to amend the Internal Revenue Code of 1954 to allow a credit against the individual income tax for certain amounts paid as special tuition assessments to public and private institutions of education; to the Committee on Ways and Means.

By Mr. INOUE:

H.R. 11938. A bill to adjust the retirement benefits of certain retired district judges for the district of Hawaii; to the Committee on the Judiciary.

By Mr. IRWIN:

H.R. 11939. A bill to amend the Tariff Act of 1930 to permit private carriers to transport bonded merchandise under certain conditions; to the Committee on Ways and Means.

By Mr. KASEM:

H.R. 11940. A bill to prohibit certain judicial acts affecting the internal affairs of labor organizations; to the Committee on the Judiciary.

By Mr. LENNON:

H.R. 11941. A bill to amend section 142 of title 28, United States Code, with regard to accommodations at places for holding court, and for other purposes; to the Committee on the Judiciary.

H.R. 11942. A bill to waive section 142, of title 28, United States Code, with respect to the U.S. District Court for the Eastern District of North Carolina holding court at Fayetteville, N.C.; to the Committee on the Judiciary.

By Mr. MASON:

H.R. 11943. A bill to permit limited deduction of contributions to political committees; to the Committee on Ways and Means.

By Mr. CLEM MILLER:

H.R. 11944. A bill to authorize and direct that the national forests be managed under principles of multiple use and to produce a sustained yield of products and services, and for other purposes; to the Committee on Agriculture.

By Mr. MONTROYA:

H.R. 11945. A bill to provide for the conveyance of certain lands of the United States to the Cuba Independent Rural Board of

Education, Cuba, N. Mex.; to the Committee on Interior and Insular Affairs.

By Mrs. PFOST:

H.R. 11946. A bill to amend and extend the provisions of the Sugar Act of 1948, as amended; to the Committee on Agriculture.

By Mr. PRICE:

H.R. 11947. A bill to amend section 303 of the Career Compensation Act of 1949 to provide that the Secretaries of the uniformed services shall prescribe a reasonable monetary allowance for transportation of house trailers or mobile dwellings upon permanent change of station of members of the uniformed services; to the Committee on Armed Services.

By Mr. SHIPLEY:

H.R. 11948. A bill to provide post office boxes without charge to certain patrons of post offices without delivery service, and for other purposes; to the Committee on the Judiciary.

By Mr. STRATTON:

H.R. 11949. A bill to permit the interment of the last survivor of the Union Army and the last survivor of the Confederate Army within the Arlington National Cemetery; to the Committee on Interior and Insular Affairs.

By Mr. THOMPSON of Texas:

H.R. 11950. A bill to provide for the transfer of rice acreage history where producer permanently withdraws from the production of rice; to the Committee on Agriculture.

By Mr. THOMPSON of Louisiana:

H.R. 11951. A bill to authorize the navigation project for the Calcasieu River and Pass, La.; to the Committee on Public Works.

By Mr. VINSON:

H.R. 11952. A bill to repeal the act of May 29, 1958, which authorized and directed the Administrator of General Services to provide for the release of restrictions and reservations contained in an instrument conveying certain land by the United States to the State of Wisconsin; to the Committee on Armed Services.

By Mr. WESTLAND:

H.R. 11953. A bill to provide for the assessing of Indian trust lands and restricted fee patent Indian lands within the Lummi Indian diking project on the Lummi Indian Reservation in the State of Washington, through drainage and diking district formed under the laws of the State of Washington; to the Committee on Interior and Insular Affairs.

By Mr. FULTON:

H.R. 11954. A bill to establish a U.S. Travel Commission and a U.S. Office of International Travel; to the Committee on Interstate and Foreign Commerce.

By Mr. LAIRD:

H.R. 11955. A bill to protect the public health by requiring appropriate warning labels on packages of substances intended or suitable for household use, where the substance or the container thereof may cause accidental injury or illness in the absence of proper precautions; to the Committee on Interstate and Foreign Commerce.

By Mr. MULTER:

H.R. 11956. A bill to amend the Social Security Act to permit the use of social security records to aid in locating runaway parents and other persons against whom criminal prosecutions are pending; to the Committee on Ways and Means.

By Mr. RIVERS of Alaska:

H.R. 11957. A bill to facilitate the selection by Alaska, pursuant to the act of July 7, 1958, of certain public lands under outstanding mineral lease or permit; to the Committee on Interior and Insular Affairs.

By Mr. ROOSEVELT (by request):

H.R. 11958. A bill to prohibit certain judicial acts affecting the internal affairs of labor organizations; to the Committee on the Judiciary.

By Mr. WOLF:

H.R. 11959. A bill to amend the Packers and Stockyards Act, 1921, to strengthen independent competition by providing for competitive enterprise in the retail sales of meat, meat food products, livestock products, and other food items; to the Committee on Agriculture.

By Mr. DENT:

H.R. 11960. A bill to prohibit certain judicial acts affecting the internal affairs of labor organizations; to the Committee on the Judiciary.

By Mr. HOLLAND:

H.R. 11961. A bill to prohibit certain judicial acts affecting the internal affairs of labor organizations; to the Committee on the Judiciary.

By Mr. RIVERS of Alaska:

H.R. 11962. A bill to provide compensation to the Yakutat local community of Tlingit Indians of the State of Alaska for the extinction of their original Indian title; to the Committee on Interior and Insular Affairs.

By Mr. THOMPSON of Wyoming:

H.R. 11963. A bill to authorize and direct the Secretary of the Interior to issue a patent conveying certain lands in the town of Powell, Wyo., together with improvements, to the Shoshone Irrigation District, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mrs. CHURCH:

H.J. Res. 699. Joint resolution to establish a Joint Committee on Mutual Security; to the Committee on Rules.

By Mr. LEVERING:

H.J. Res. 700. Joint resolution establishing a joint committee to investigate the cost of living and the widening spread between retail prices and prices paid to farmers; to the Committee on Rules.

By Mr. FULTON:

H. Res. 511. Resolution creating a select committee to conduct a study of the fiscal organization and procedures of the Congress; to the Committee on Rules.

H. Res. 512. Resolution to amend the Rules of the House to require the yeas and nays in the case of final action on appropriation bills; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII,

Mr. FORAND presented a memorial of the House of Representatives of the Rhode Island General Assembly memorializing the Congress of the United States with respect to providing benefits to the aged, ill, and disabled veterans of World War I in the form of pensions or any other means which provide relief so vitally needed, which was referred to the Committee on Veterans' Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII private bills and resolutions were introduced and severally referred as follows:

By Mr. BERRY:

H.R. 11964. A bill for the relief of Wilhelmina Sophia DeBruyne; to the Committee on the Judiciary.

By Mrs. BLITCH:

H.R. 11965. A bill for the relief of Mrs. Beulah J. Rowe; to the Committee on the Judiciary.

By Mr. BROCK:

H.R. 11966. A bill for the relief of Nellie V. Lohry; to the Committee on the Judiciary.

By Mr. CASEY:

H.R. 11967. A bill for the relief of Mrs. Mabel Constance Kennedy; to the Committee on the Judiciary.

By Mr. COHELAN:

H.R. 11968. A bill for the relief of Chong Son Zee and Ng Lee Gean Zee; to the Committee on the Judiciary.

By Mr. FULTON:

H.R. 11969. A bill for the relief of Ennio O. Cappelli; to the Committee on the Judiciary.

By Mr. HEALEY:

H.R. 11970. A bill for the relief of Ilona Salamon; to the Committee on the Judiciary.

H.R. 11971. A bill for the relief of Agostino Aurilio; to the Committee on the Judiciary.

By Mr. INOUE:

H.R. 11972. A bill for the relief of Mrs. Mine Kitagawa; to the Committee on the Judiciary.

By Mr. MEADER:

H.R. 11973. A bill to grant to Hobart M. Bennett and Stella Bennett all the right, title, and interest of the United States in and to certain minerals; to the Committee on Interior and Insular Affairs.

By Mr. SISK:

H.R. 11974. A bill to authorize the Secretary of the Interior to convey certain land in the Big Sandy Rancheria, Calif., and to accept other land in exchange therefor; to the Committee on Interior and Insular Affairs.

By Mr. TEAGUE of California:

H.R. 11975. A bill for the relief of Helga Hirte; to the Committee on the Judiciary.

By Mr. ANFUSO:

H.R. 11976. A bill for the relief of Antonio Ceci; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

442. By the SPEAKER: Petition of G. Davids and two other citizens, Shreveport, La., relative to vigorously protesting House Joint Resolution 558, and Senate Resolution 83; to the Committee on Foreign Affairs.

443. Also, petition of Jesse L. Turner and others, Chattanooga, Tenn., relative to requesting passage of H.R. 8783, which provides health benefits for civil service retirees; to the Committee on Post Office and Civil Service.

EXTENSIONS OF REMARKS

"A Milestone Measuring the Betterment of Human Relations," Is Topic of Address by Representative John M. Slack, Jr., at Mayor's Commission Anniversary Dinner, Charleston, W. Va.

EXTENSION OF REMARKS

OF

HON. JENNINGS RANDOLPH

OF WEST VIRGINIA

IN THE SENATE OF THE UNITED STATES

Wednesday, April 27, 1960

Mr. RANDOLPH. Mr. President, one of the most significant events in recent West Virginia history occurred last night in the State's capital city, Charleston, where the first annual dinner meeting of the Mayor's Commission on Human Relations was held.

That important and helpful commission was created by the late Mayor John T. Copenhaver in an executive order signed June 7, 1959. Under this commission the late Mayor Copenhaver envisioned a better city wherein all its citizens might live in harmony and brotherhood, enjoying the fruits of citizenship without regard to race, creed, or national origin.

More than 40 civic, business, and professional and religious organizations are cosponsors of the Commission on Human Relations in Charleston, and its officers and members are L. Leo Kohlbecker, chairman; Dr. James H. Walker, vice chairman; Mrs. Irene May, secretary; John D. Smallridge, treasurer; and Willard Brown, G. E. Ferguson, Mrs. Andrew Gardner, Dewey E. S. Kuhns, William L. Lonesome, Rev. Moses Newsome, Miles C. Stanley, A. S. Thomas, Jr., Rabbi Samuel Volkman, and Houston G. Young, members.

Master of ceremonies for the April 26, 1960, event, held in Charleston's spacious civic center, was Mayor John A. Shanklin, assisted by the chairman of the commission, Mr. Kohlbecker. The invocation was by Rev. F. Elwyn Peace, president of the Charleston Ministerial Association; the prayer of the evening

was by Very Rev. Claude Vogel, O.F.M.; and the benediction was pronounced by Rabbi Samuel Volkman, D.D., of the Virginia Street Temple.

Principal guest speaker for the occasion was the venerable statesman of the sports world, Branch Rickey, president of the Continental Baseball League, while other speakers included Gov. Cecil H. Underwood of West Virginia, Hon. John A. Field, Jr., U.S. district judge for the southern district of West Virginia, and Representative JOHN M. SLACK, Jr., of the Sixth West Virginia District. The senior Senator from West Virginia likewise was privileged to be a guest of the commission and a participant.

Mr. Rickey, the baseball executive who first sponsored a member of the Negro race as a player in organized professional baseball, still aggressive and mentally alert at the advanced age of 79 years, spoke strongly against prejudice and expressed the belief that three major forces are working against it; namely, proximity, as exemplified by Jackie Robinson's short 6 months of proximity as a minor league player before becoming a major league regular; second, individual accomplishments by members of minority groups; and the third, religion.

Governor Underwood expressed the hope that the commission's first annual dinner meeting would be repeated each year as an event to which the people of Charleston, Kanawha County, and West Virginia would look forward with pride and satisfaction.

Judge Field spoke of the paradox inherent in the fact that a meeting is held to discuss the rights of minority groups even though it is so historically well documented that such groups have made great contributions to America.

Mayor Shanklin gave public expression to his appreciation for the accomplishments of the commission and gave assurance that its members have his wholehearted support for the manner in which they have approached the problem of how to engender good human relations.

Representative SLACK, a native of Charleston and the Member of Congress from the district which includes Charleston and Kanawha County, likewise presented enlightened remarks.

Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD following these remarks the text of the well-considered speech by my capable colleague, Representative SLACK.

There being no objection, the speech was ordered printed in the RECORD, as follows:

A MILESTONE MEASURING THE BETTERMENT OF HUMAN RELATIONS

(Speech by Hon. JOHN M. SLACK, Jr., a Representative from West Virginia, at first annual dinner meeting of the Mayor's Commission on Human Relations, Charleston, W. Va., April 26, 1960)

This meeting of the Mayor's Commission on Human Relations comes at a critical point in our national history, and the work of this group carries a growing significance. In simple language, what you are trying to do is to establish greater mutual understanding and trust among several population elements of this community * * * to establish it by friendly persuasion and personal example. Very few human undertakings are more important to the fulfillment of our national objectives today.

There are some relationships among human beings which simply cannot be created and maintained by law, or imposed from the top down. They must be initiated and allowed to grow strong and secure from the grassroots up—in all such relationships the key to success lies in work undertaken at the community level.

Most of us, I am sure, are familiar with the phrase "equal justice under law" which is carved in stone over the entrance to the U.S. Supreme Court. That statement constitutes a guarantee of formal, legal justice for all Americans.

MORE THAN LEGAL JUSTICE

The privilege of full American citizenship, however, contemplates a great deal more than just legal justice. The American ideal, the way of life which has revitalized the thinking of all mankind since 1776, is based on political and social justice. When our Founding Fathers endorsed the famous statement: "We hold these truths to be self-evident * * * that all men are created equal * * * that they are endowed by their Creator with the